



City of Rio Vista



Annual Financial Statements
And Independent Auditor's Report
For the Year Ended
June 30, 2015

CITY OF RIO VISTA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

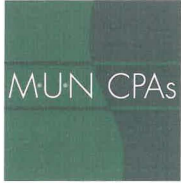
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INDEPENDENT AUDITOR'S REPORT

To the City Council of
the City of Rio Vista
Rio Vista, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rio Vista (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2015, the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and GASB 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rio Vista's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2015, on our consideration of the City of Rio Vista's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Rio Vista's internal control over financial reporting and compliance.

Mam Unt Nil CPAs

Sacramento, California
December 11, 2015

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

This section of the City of Rio Vista California's Annual Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the City's basic financial statements and notes to the financial statements, which follows this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Rio Vista exceeded its liabilities at the close of the most recent fiscal year by \$83,907,907 (net position). Of this amount, \$8,134,615 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- City of Rio Vista's total net position increased \$3,671,085 (\$2,541,897 increase in Business-Type Activities and \$1,129,188 increase in Governmental Activities).
- At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$10,533,520, an increase of \$710,594 in comparison with the prior year (\$496,415 increase in the General Fund and \$214,179 increase in Other Governmental Funds). Approximately 14% of this amount (\$1,475,494) is available for spending at the government's discretion (unassigned fund balance).
- The City's business-type net position amounted to \$70,585,860, an increase of \$2,541,897 from the prior year.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

The financial section of this report consists of four parts:

- 1) Independent Auditor's Report;
- 2) Management's Discussion and Analysis (this section);
- 3) Basic Financial Statements which include:
 - Government-Wide Financial Statements;
 - Fund Financial Statements;
 - Notes to the Basic Financial Statements; and
- 4) Combining and Individual Fund Financial Statements and Schedules.

The basic financial statements include two kinds of statements which present different views of the City.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position (page 16) presents information on all of the City's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the City's financial improvement or deterioration.

The Statement of Activities (page 17) presents information showing how the government's net position changed during the past year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows (accrual basis of accounting). Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue – "governmental activities" from other functions that are intended to recover all or a significant portion of their costs through users fees and charges – "business-type activities." The governmental activities of the City include general government, public protection, parks and recreation, development, and public ways and facilities. The business-type activities of the City include water, sewer, airport, and the transit system.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rio Vista, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Rio Vista can be divided into three categories:

- ** Governmental funds;
- ** Proprietary funds; and
- ** Fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as "governmental activities" in the government-wide financial statements. However, unlike those statements, the focus in these statements is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Rio Vista maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects, etc). The City Council adopts an annual appropriated budget for each fund within the City.

The fund financial statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all nonmajor funds summarized and presented only in a single column. Subordinate schedules present the detail of these nonmajor funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities. For the fiscal year ending June 30, 2015, the City of Rio Vista's major funds are as follows:

- ** General Fund
- ** Capital Projects Fund

Data from the remaining nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of "combining statements" starting on page 71.

A budgetary comparison statement has been provided in the basic financial statements which reflect both original and final budgets for the general fund and for any major special revenue funds.

Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or internal departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City has maintained one type of proprietary fund – enterprise funds – as described below:

- ** Enterprise funds are used to report the same functions as presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for water, sewer, airport, business park, and transit.

Fiduciary funds are used to account for resources held for the benefit of parties outside and within the City. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The Statement of Fiduciary Net Position is found on page 30.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Notes to the Basic Financial Statements

The Notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 32 - 63 of this report.

Required Supplementary Information

This section provides budget to actual data and budgetary procedures. It also includes supplementary pension and other postemployment benefit data and can be found beginning on page 64.

Combining and Individual Fund Statements and Schedules

This final section of the report includes additional detailed information about nonmajor governmental and agency funds and can be found beginning on page 69.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table presents a summary of the City's assets, liabilities, and net position for its governmental and business type activities. As noted earlier, a government's net asset position may serve over time as a useful indicator of its financial position. The Summary of Net Position as of June 30, 2015 and 2014 follows:

Statement of Net Position
As of June 30, 2015 and 2014
(in thousands)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Government</u>		
	<u>2014 As</u>		<u>Net</u>	<u>2014 As</u>		<u>Net</u>	<u>2014 As</u>		<u>Net</u>
	<u>2015</u>	<u>Previously Reported</u>		<u>2015</u>	<u>Previously Reported</u>		<u>2015</u>	<u>Previously Reported</u>	
ASSETS									
Current and other assets	\$ 11,528	\$ 10,423	\$ 1,105	\$ 10,437	\$ 7,771	\$ 2,666	\$ 21,965	\$ 18,194	\$ 3,771
Capital assets	<u>8,562</u>	<u>8,421</u>	<u>141</u>	<u>63,095</u>	<u>62,660</u>	<u>435</u>	<u>71,657</u>	<u>71,081</u>	<u>576</u>
Total Assets	<u>20,090</u>	<u>18,844</u>	<u>1,246</u>	<u>73,532</u>	<u>70,431</u>	<u>3,101</u>	<u>93,622</u>	<u>89,275</u>	<u>4,347</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>882</u>	<u>-</u>	<u>882</u>	<u>90</u>	<u>-</u>	<u>90</u>	<u>972</u>	<u>-</u>	<u>972</u>
LIABILITIES									
Long-term liabilities	5,805	1,565	4,240	1,565	1,211	354	7,370	2,776	4,594
Other liabilities	<u>904</u>	<u>757</u>	<u>147</u>	<u>1,368</u>	<u>751</u>	<u>617</u>	<u>2,272</u>	<u>1,508</u>	<u>764</u>
Total Liabilities	<u>6,709</u>	<u>2,322</u>	<u>4,387</u>	<u>2,933</u>	<u>1,962</u>	<u>971</u>	<u>9,642</u>	<u>4,284</u>	<u>5,358</u>
DEFERRED INFLOWS OF RESOURCES	<u>942</u>	<u>-</u>	<u>942</u>	<u>103</u>	<u>-</u>	<u>103</u>	<u>1,045</u>	<u>-</u>	<u>1,045</u>
NET POSITION									
Net investment in capital assets	8,134	8,006	128	61,937	61,465	472	70,071	69,471	600
Restricted	1,730	1,762	(32)	3,973	3,625	348	5,703	5,387	316
Unrestricted	<u>3,459</u>	<u>6,755</u>	<u>(3,296)</u>	<u>4,676</u>	<u>3,379</u>	<u>1,297</u>	<u>8,135</u>	<u>10,134</u>	<u>(1,999)</u>
Total Net Position	<u>\$ 13,323</u>	<u>\$ 16,523</u>	<u>\$ (3,200)</u>	<u>\$ 70,586</u>	<u>\$ 68,469</u>	<u>\$ 2,117</u>	<u>\$ 83,909</u>	<u>\$ 84,992</u>	<u>\$ (1,083)</u>

The City's total government-wide net position amounted to \$83,907,907 as of June 30, 2015. This represented an increase of \$3,671,085 over fiscal year 2014. A prior period adjustment of \$(4,754,172) is not reflected in the above chart for FY 2014, which accounts for the difference in the change in net position. The increase in the change in net position is reflected in the Statement of Activities shown in Table 2 for governmental funds and Table 3 for business-type activities.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

By far, the largest portion of the City of Rio Vista's net position, 83.5%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City of Rio Vista uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Rio Vista's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Rio Vista's net position, 6.8%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8,134,615 is unrestricted and may be used to meet the government's ongoing obligations to its citizens and creditors.

The City of Rio Vista's overall net position increased \$3,671,085 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

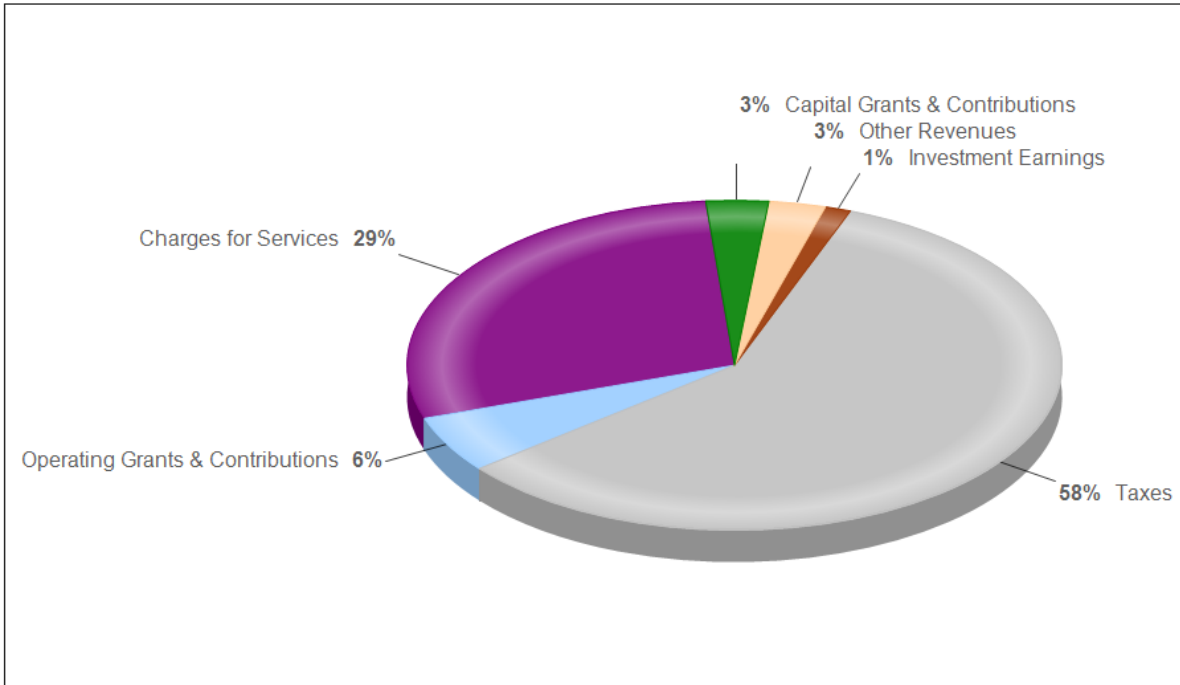
Governmental Activities. During the current fiscal year, net position for governmental activities increased \$1,129,188 from the prior fiscal year for an ending balance of \$13,322,047. Revenues increased 28% and expenses increased 7% from prior year.

TABLE 2
GOVERNMENTAL ACTIVITIES CHANGES IN NET POSITION AS OF JUNE 30,

	2015	2014 As Previously Reported
REVENUES		
Charges for services	\$ 2,186,875	\$ 1,659,478
Operating grants and contributions	419,863	153,070
Capital grants and contributions	233,466	52,000
Taxes	4,412,932	3,789,411
Investment earnings	97,522	106,093
Other	239,218	168,184
Transfers	(2,918)	10,750
Total Revenue	7,586,958	5,938,986
EXPENSES		
General government	841,859	1,031,421
Public safety	3,896,171	3,236,753
Parks and recreation	402,690	336,377
Development	459,399	410,560
Public Works	831,194	998,604
Interest and fiscal charges	26,457	16,159
Total Expenses	6,457,770	6,029,874
Change in net position	1,129,188	(90,888)
Net position - beginning	16,522,365	16,613,253
Prior period restatement	(4,329,506)	-
Net position - beginning, restated	12,192,859	16,613,253
Net position - ending	\$ 13,322,047	\$ 16,522,365

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Sources of Revenues
Governmental Activities

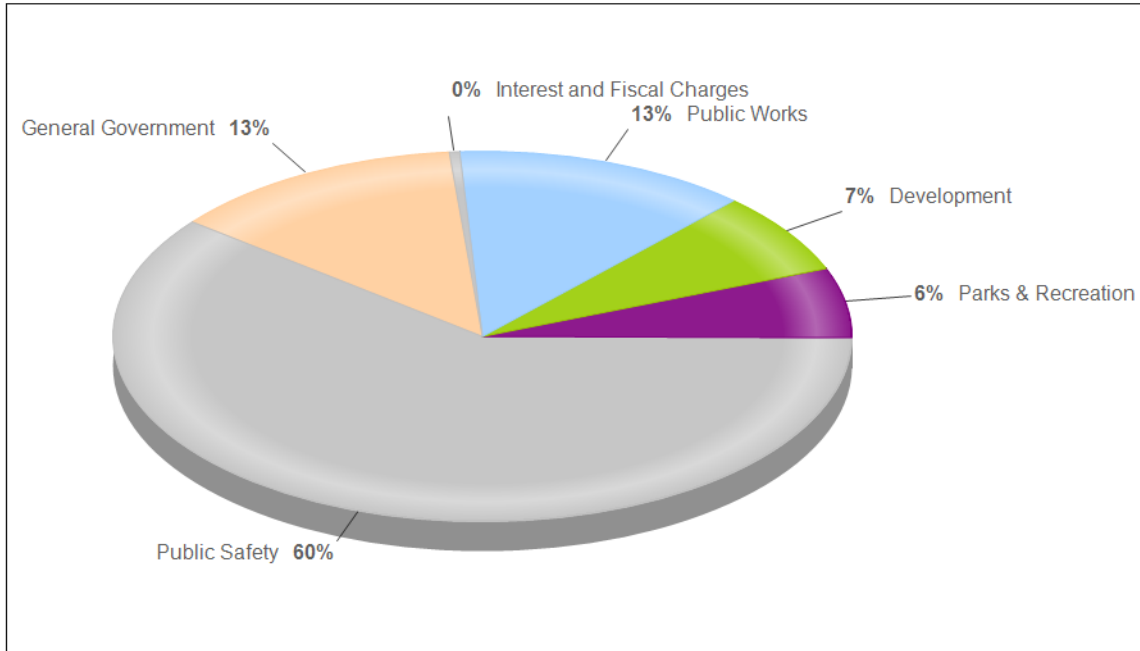


As reflected above, 58% or \$4,412,932 of the City's governmental activities revenues as of June 30, 2015 were comprised of tax increments. Program revenues were 38% of governmental activities. Of this amount, 6% or \$419,863 was derived from operating grants and contributions, 3% or \$233,466 was derived from capital grants and contributions, and 29% or \$2,186,875 was derived from charges for services. The remaining sources of revenues included 1% of investment earnings, and 3% of other revenues. Total governmental revenues increased \$1,647,972 or 28% mainly due to an increase in property and sales taxes and building and permit fees due to the improving economy. Additionally, the City obtained a grant from FEMA to fund three fire engineers.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Functional Expenses

Governmental Activities



As identified in the functional expenses chart, 60% or \$3,896,171 of the City's expenses were for public safety. 13% or \$841,859 were for general government expenses. The remaining functional expenses included 13% or \$831,194 for public works, 7% or \$459,399 in development, 6% or \$402,690 in parks and recreation, and less than 1% or \$26,457 in interest and fiscal charges. The City's total governmental expenses increased \$427,896 from the prior fiscal year.

The change in expenses from prior year is attributable to various factors:

General Government Expenses

General government expenses decreased \$189,562 or 18% mainly due to a credit from workers' compensation insurance and a decrease in litigation costs and legal fees.

Public Safety Expenses

Public safety expenses increased 20% or \$659,418 mainly due to salary increases, overtime costs, hiring costs, and the addition of three fire engineers funded by a grant from FEMA.

Development Expenses

Development expenses increased 12% or \$48,839 mainly due to filling vacant positions.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

TABLE 3
BUSINESS-TYPE ACTIVITIES CHANGES IN NET POSITION AS OF JUNE 30,

	2015	2014 As Previously Reported
<u>REVENUES</u>		
Charges for services	\$ 7,470,446	\$ 7,390,265
Investment earnings	38,056	36,084
Operating grants and contributions	467,455	425,334
Capital grants and contributions	730,835	-
Gain on sale of capital asset	-	313,965
Total Revenue	8,706,792	8,165,648
<u>EXPENSES</u>		
Water	1,857,751	1,743,482
Beach Drive Treatment facility	1,711,905	1,756,240
NW Wastewater Treatment facility	1,554,949	1,565,082
Airport	494,935	447,658
Business Park	52,029	62,184
Transit	496,244	486,499
Transfers	(2,918)	10,750
Total Expenses	6,164,895	6,071,895
Change in net position	2,541,897	2,093,753
Net position - beginning	68,468,629	66,410,126
Prior period restatement	(424,666)	(35,250)
Net position - beginning, restated	68,043,963	66,374,876
Net position - ending	\$ 70,585,860	\$ 68,468,629

The City of Rio Vista uses fund accounting to segregate accounts for specific activities or objectives, including demonstrating finance related legal compliance.

Enterprise Funds

In the fiscal year ended June 30, 2015, business-type activities increased the City's net position by \$2,541,897.

Revenues

Capital grants increased \$730,835 due to the Airport Improvement Program. There are no capital asset gains for the fiscal year ended June 30, 2015.

Expenses

Beach Drive expenses decreased \$44,335 or 3% mainly due to repairs needed in the prior year but not the current year. Airport Expenses increased \$47,277 or 11% mainly due to consultant costs. Water increased \$114,269 or 7% mainly due to maintenance and permit expenses.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Financial Analysis of the City's Funds

The focus of the City's governmental funds is to provide information on near term inflows, outflows, and balances of resources that are available to provide services and capital project construction. In particular, unassigned fund balance may serve as a useful measure of a government's net spendable resources.

At the end of FY 2015, the City's governmental funds reported combined fund balances of \$10,533,520, an increase of \$710,594 from the prior year. This increase is largely attributable to improved revenue streams from taxes and permits. Measure O, a transactions and use tax, was passed in November 2012 and resulted in a temporary sales tax increase of 0.75%. The total revenues received in FY 2015 from Measure O were \$756,536.

Of the total fund balance of \$10,533,520 approximately \$3,539,077 is nonspendable, \$1,729,701 is restricted, \$89,298 is committed, \$3,699,950 is assigned for various purposes, and \$1,475,494 is unassigned.

The table below presents the amount of revenues from various sources for the current and prior fiscal year.

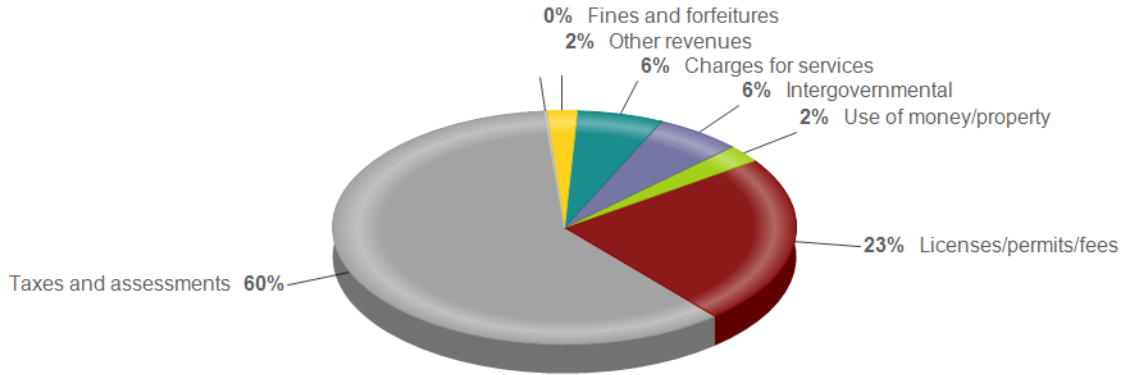
Revenues Classified by Source
Governmental Funds
For the Years Ended June 30, 2015 and 2014

	2015		2014	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Revenues by Source				
Taxes and assessments	\$ 4,412,932	59.8 %	\$ 3,789,411	63.3 %
Licenses, permits, and fees	1,729,115	23.4 %	1,267,207	21.2 %
Fines and forfeitures	13,623	0.2 %	14,243	0.2 %
Use of money and property	178,806	2.4 %	212,167	3.5 %
Intergovernmental revenues	440,990	6.0 %	261,730	4.4 %
Charges for services	444,137	6.0 %	378,028	6.3 %
Other revenue	<u>157,934</u>	<u>2.1 %</u>	<u>62,110</u>	<u>1.0 %</u>
Total Revenue	<u>\$ 7,377,537</u>	<u>100 %</u>	<u>\$ 5,984,896</u>	<u>100 %</u>

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Revenues Classified by Source

Governmental Funds FY 2014-15



Key elements of the changes noted above include:

Taxes and assessments provide the greatest source of revenues for the City. These sources represent 60% of total revenues and increased 16% from prior year mainly due to increase in property, and sales taxes. Charges for services represents 6% of total revenues and increased 17% from prior year mainly due to plan check fees. Other revenues reflect all revenues not included in the individual revenue source categories listed above. Other revenues represent 2% of total revenues and increased 154% from prior year mainly due to a one-time state reimbursement for unfunded mandates. Licenses, permits and fees represents 23% of total revenues and increased 36% mainly due to an increase in building permit fees. Intergovernmental revenues represents 6% of total revenues and increased 68% mainly due to a grant received from FEMA to fund three fire engineers.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

The following table presents expenditures by function compared to prior year amounts:

Expenditures by Function
Governmental Funds
For the Years Ended June 30, 2015 and 2014

Expenditures by Function	2015		2014	
	Amount	% of Total	Amount	% of Total
General government	\$ 727,973	10.7 %	\$ 898,331	14.8 %
Public safety	3,706,076	54.5 %	3,042,253	50.1 %
Parks and recreation	311,801	4.6 %	271,343	4.5 %
Development	461,514	6.8 %	376,872	6.2 %
Public Works	755,678	11.1 %	755,782	12.5 %
Debt service				
Principal	124,020	1.8 %	101,098	1.7 %
Interest and other charges	24,845	0.4 %	7,781	0.1 %
Capital outlay	<u>689,618</u>	<u>10.1 %</u>	<u>614,452</u>	<u>10.1 %</u>
Total Expenditures	\$ <u>6,801,525</u>	<u>100 %</u>	\$ <u>6,067,912</u>	<u>100 %</u>

Key elements of the changes noted above include:

General government represents 10.7% of total expenditures and costs decreased 19% mainly due to a credit from worker's compensation insurance and a decrease in litigation costs and legal fees. Public safety represents 55% of total expenditures and costs increased 22% mainly due to salary increases, overtime costs, hiring costs, and hiring three fire engineers funded by a grant from FEMA. Development represents 6.8% of total expenditures and costs increased 22% mainly due to filling vacant positions. Capital outlay represents 10.1% of total expenditures, and costs increased 12% mainly due to planning and engineering costs for various projects.

Major Funds

General Fund. The General Fund is the main operating fund of the City. At June 30, 2015, the unassigned fund balance of the general fund was \$1,989,508 while the total fund balance amounted to \$3,013,791. The General Fund saw an increase of fund balance of \$496,415. Total revenues increased \$940,545 or 21% from the prior fiscal year. This was primarily due to an increase in taxes and permits. Total expenditures decreased \$150,246 or 3%.

Capital Projects Fund. The Capital Projects Fund had an ending fund deficit of \$(433,536), a decrease of \$251,313 from the prior year. There was an increase in contractual services for the capital outlay projects.

Other Governmental Funds. Nonmajor governmental funds aggregated to a \$465,492 increase in fund balances as revenues continue to exceed expenditures.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Enterprise Funds

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

Proprietary Funds		
Net Operating Income (Loss) for the Year Ended June 30,		
	2015	2014
Water	\$ 835,932	\$ 898,844
Beach Treatment Facility	1,216,778	1,169,933
NW Wastewater Treatment Facility	(3,272)	(89,166)
Airport	(271,356)	(205,344)
Other Enterprise Funds	56,644	47,025
Total	\$ 1,834,726	\$ 1,821,292

The Enterprise Funds showed an increase of \$13,434 in net operating income (loss) compared to the prior fiscal year. Each Enterprise Fund showed a significant change from the prior year as discussed below:

Water – Net operating income decreased to \$835,932. Expenditures in the Water Fund increased from the prior fiscal year expenditure of \$1,743,482 to a total of \$1,851,434 in the current fiscal year. Total current year operating revenues of \$2,687,366 increased \$45,390 over prior year. After adding non-operating revenues, the water fund realized an increase in net position of \$832,801.

Beach Treatment Facility – Total operating revenues of \$2,864,045 less total operating expenditures of \$1,647,267, resulted in net operating income of \$1,216,778. After net non-operating expenditures of \$53,727, the Beach Treatment Facility had a net change of \$1,173,051 in net position.

NW Wastewater Treatment Facility – Total operating revenues of \$1,551,677 less total operating expenditures of \$1,554,949, resulted in a net operating loss of \$3,272. The NW Treatment Facility had a change of net position of \$15,508.

Airport – The airport's net operating loss of \$271,356 increased from the prior year net loss of \$205,344. Depreciation expense of \$234,024 contributed significantly to the net operating loss.

Other Enterprise Funds – This fund, which includes Transit and Business Park, resulted in total net operating income of \$56,644 in the current fiscal year. Operating revenues of \$611,234 increased from prior year operating revenue of \$595,708 by \$15,526.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business type activities as of June 30, 2015 and 2014, respectively, was \$71,657,790 and \$71,080,891 (net of accumulated depreciation). This investment in capital assets includes: infrastructure, land, buildings, improvements other than buildings, construction in progress and equipment. The total increase in the City's investment in capital assets for FY 2015 was \$576,899.

For government wide financial statement presentation, all depreciable capital assets are depreciated from the acquisition date over their useful lives. Governmental fund financial statements record capital asset purchases as expenditures. Capital assets for the governmental and business type activities are presented in the following table to illustrate changes from the prior year.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Capital Assets (net of depreciation)
As of June 30, 2015 and 2014

	2015			2014		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Land	\$ 1,968,598	\$ 552,108	\$ 2,520,706	\$ 1,968,598	\$ 552,108	\$ 2,520,706
Construction in progress	371,937	5,246,413	5,618,350	14,917	3,476,210	3,491,127
Buildings & improvements	1,888,527	42,295,096	44,183,623	2,022,806	43,247,066	45,269,872
Runways	-	6,330,067	6,330,067	-	6,540,172	6,540,172
Equipment	628,023	129,714	757,737	516,941	169,831	686,772
Vehicles	160,255	288,565	448,820	202,152	308,200	510,352
Infrastructure	<u>3,545,028</u>	<u>8,253,459</u>	<u>11,798,487</u>	<u>3,695,552</u>	<u>8,366,338</u>	<u>12,061,890</u>
Total Net Capital Assets	<u>\$ 8,562,368</u>	<u>\$ 63,095,422</u>	<u>\$ 71,657,790</u>	<u>\$ 8,420,966</u>	<u>\$ 62,659,925</u>	<u>\$ 71,080,891</u>

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

DEBT ADMINISTRATION

The City uses a variety of indebtedness to finance various capital acquisitions. At June 30, 2015, the City's long-term debt outstanding was \$1,638,935. Of this total, \$428,580 was in governmental activities and \$1,210,355 was in business-type activities. Additional information about the City's long-term obligations can be found in Note 6 in the Notes to Basic Financial Statements. The following table recaps the City's long-term liabilities as of June 30:

Long-Term Debt
Outstanding Balances
As of June 30,

Description	2015	2014
Governmental Activities:		
1997 General Obligation Bonds	\$ 83,000	\$ 107,000
City Manager Vehicle Lease	15,214	19,276
Building Department Vehicle Lease	15,845	20,613
Police Vehicles Lease	188,316	244,987
PG&E Retrofit Loan	20,801	23,224
Fire Truck Loan	<u>105,404</u>	<u>-</u>
Total Governmental Activity Debt	<u>\$ 428,580</u>	<u>\$ 415,100</u>
Business-type Activities:		
2000 Revenue Bonds	\$ 1,105,000	\$ 1,145,000
Land Capital Lease	<u>105,355</u>	<u>111,355</u>
Total Business-Type Activity Debt	<u>\$ 1,210,355</u>	<u>\$ 1,256,355</u>

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, 2015, a total of \$27,461,600 in special assessment district debt was outstanding, issued by three assessment districts. The Community Facilities Districts No. 2004-1 and 2006-1 were created to assist in financing a portion of the Northwest and Beach Wastewater Facilities in the amounts of \$13,320,000 and \$13,220,000. Also, Reassessment District No. 2007-1R Refunding Bonds had a balance of \$921,600. 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.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Governmental Activities

Due to the local economy, general revenues from the City's main sources have continued to fall short when compared to prior fiscal years. To address this decline, the City Council approved Ordinance 665 in August 2012 for a measure to be placed on the ballot to generate additional revenue for the City. In November 2012, the residents passed Measure O, a transactions and use tax, which resulted in a sales tax increase of 0.75%, which became operative on April 1, 2013. The Ordinance sunsets on April 1, 2018. The City also continues to seek out alternative revenue sources through future development activity, grants, sale of City assets/land, etc. In order to reduce personnel related costs, the City Council approved shifting a share of the employer paid employee benefits to the employees through labor negotiations. The first round of cost shifting was implemented April 18, 2015, and the second round will be implemented January 1, 2016.

Business-type Activities

Family Dollar opened June 24, 2015, and is projected to employ up to 24 full and part-time employees when fully operational and will bring additional sales tax revenue to the City.

The City is seeking to develop the Business Park and hopes to attract a mix of businesses that will further the economic growth of the City.

REQUESTS FOR INFORMATION

This MD&A 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 you may visit our website at www.riovistacity.com for contact information.

CITY OF RIO VISTA
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and investments (Note 2)	\$ 6,721,981	\$ 8,001,424	\$ 14,723,405
Accounts receivable, net	1,026,451	1,624,643	2,651,094
Interest receivable	2,912	355	3,267
Due from other governments	-	220,626	220,626
Notes receivable (Note 3)	117,560	-	117,560
Other assets (Note 11)	177,871	-	177,871
Internal balances	3,425,010	(3,425,010)	-
Prepaid items and deposits	44,667	8,354	53,021
Inventory	-	33,385	33,385
Restricted cash and cash equivalents (Note 2)	11,787	3,973,028	3,984,815
Capital assets (Note 5)			
Land and construction in progress	2,340,535	5,798,521	8,139,056
Capital assets being depreciated, net	<u>6,221,833</u>	<u>57,296,901</u>	<u>63,518,734</u>
Total capital assets	<u>8,562,368</u>	<u>63,095,422</u>	<u>71,657,790</u>
Total Assets	<u>20,090,607</u>	<u>73,532,227</u>	<u>93,622,834</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
2015 Pension contributions (Note 8)	751,723	75,298	827,021
Changes in the net pension liability (Note 8)	<u>130,726</u>	<u>14,534</u>	<u>145,260</u>
Total Deferred Outflows of Resources	<u>882,449</u>	<u>89,832</u>	<u>972,281</u>
<u>LIABILITIES</u>			
Accounts payable	485,715	976,512	1,462,227
Accrued payroll and benefits	111,677	33,788	145,465
Interest payable	12,703	17,213	29,916
Deposits payable	11,577	106,479	118,056
Unearned revenue	73,411	158,466	231,877
Compensated absences (Note 6):			
Due within one year	77,773	24,971	102,744
Due in more than one year	226,321	72,665	298,986
Landfill post-closure (Note 15):			
Due in more than one year	737,656	-	737,656
Long-term liabilities (Note 6):			
Due within one year	130,682	51,000	181,682
Due in more than one year	297,898	1,107,647	1,405,545
Other postemployment benefits (Note 9)			
Due in more than one year	415,957	-	415,957
Net pension liability (Note 8)			
Due in more than one year	<u>4,127,290</u>	<u>384,732</u>	<u>4,512,022</u>
Total Liabilities	<u>6,708,660</u>	<u>2,933,473</u>	<u>9,642,133</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Changes in the net pension liability (Note 8)	<u>942,349</u>	<u>102,726</u>	<u>1,045,075</u>
<u>NET POSITION</u>			
Net investment in capital assets	8,133,788	61,936,775	70,070,563
Restricted for:			
Capital projects	786,354	3,862,120	4,648,474
Debt service	86,252	110,908	197,160
Specific projects and programs	857,095	-	857,095
Unrestricted	<u>3,458,558</u>	<u>4,676,057</u>	<u>8,134,615</u>
Total Net Position	<u>\$ 13,322,047</u>	<u>\$ 70,585,860</u>	<u>\$ 83,907,907</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 841,859	\$ 279,629	\$ -	\$ -	\$ (562,230)	\$ -	\$ (562,230)
Public safety	3,896,171	176,037	419,863	-	(3,300,271)	-	(3,300,271)
Parks and recreation	402,690	80,572	-	-	(322,118)	-	(322,118)
Development	459,399	733,182	-	-	273,783	-	273,783
Public works	831,194	917,455	-	233,466	319,727	-	319,727
Interest and fiscal charges	26,457	-	-	-	(26,457)	-	(26,457)
Total governmental activities	<u>6,457,770</u>	<u>2,186,875</u>	<u>419,863</u>	<u>233,466</u>	<u>(3,617,566)</u>	<u>-</u>	<u>(3,617,566)</u>
Business-type activities:							
Water	1,857,751	2,687,366	-	-	-	829,615	829,615
Beach Drive treatment facility	1,711,905	2,864,045	-	-	-	1,152,140	1,152,140
NW Wastewater treatment facilities	1,554,949	1,551,677	-	-	-	(3,272)	(3,272)
Airport	494,935	223,579	-	707,239	-	435,883	435,883
Business park	52,029	98,331	-	-	-	46,302	46,302
Transit	496,244	45,448	467,455	23,596	-	40,255	40,255
Total business-type activities	<u>6,167,813</u>	<u>7,470,446</u>	<u>467,455</u>	<u>730,835</u>	<u>-</u>	<u>2,500,923</u>	<u>2,500,923</u>
Total primary government	<u>\$ 12,625,583</u>	<u>\$ 9,657,321</u>	<u>\$ 887,318</u>	<u>\$ 964,301</u>	<u>\$ (3,617,566)</u>	<u>\$ 2,500,923</u>	<u>\$ (1,116,643)</u>
General revenues:							
Property taxes					\$ 2,050,431	\$ -	\$ 2,050,431
Sales taxes					1,958,660	-	1,958,660
Other taxes					403,841	-	403,841
Investment earnings					97,522	38,056	135,578
Rental income					81,284	-	81,284
Miscellaneous					157,934	-	157,934
Transfers					(2,918)	2,918	-
Total general revenues					<u>4,746,754</u>	<u>40,974</u>	<u>4,787,728</u>
Change in net position					1,129,188	2,541,897	3,671,085
Net position - July 1, 2014					16,522,365	68,468,629	84,990,994
Prior period restatement (Note 17)					(4,329,506)	(424,666)	(4,754,172)
Net position - July 1, 2014, restated					<u>12,192,859</u>	<u>68,043,963</u>	<u>80,236,822</u>
Net position - June 30, 2015					<u>\$ 13,322,047</u>	<u>\$ 70,585,860</u>	<u>\$ 83,907,907</u>

See accompanying notes to the basic financial statements.

**CITY OF RIO VISTA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 1,099,020	\$ -	\$ 5,622,961	\$ 6,721,981
Restricted cash and investments	-	-	11,787	11,787
Accounts receivable	561,892	193,466	271,093	1,026,451
Interest receivable	2,501	-	411	2,912
Prepaid items	37,745	-	6,922	44,667
Due from other funds	456,240	-	-	456,240
Notes receivable	-	-	117,560	117,560
Other assets	177,871	-	-	177,871
Advances to other funds	974,455	-	2,519,955	3,494,410
Total Assets	\$ 3,309,724	\$ 193,466	\$ 8,550,689	\$ 12,053,879
<u>LIABILITIES</u>				
Accounts payable and accrued expenses	\$ 192,608	\$ 159,428	\$ 133,679	\$ 485,715
Accrued payroll and benefits	94,748	-	16,929	111,677
Unearned revenue	-	-	73,411	73,411
Deposits payable	8,577	-	3,000	11,577
Due to other funds	-	274,108	78,733	352,841
Advances from other funds	-	-	172,799	172,799
Total Liabilities	295,933	433,536	478,551	1,208,020
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenues	-	193,466	118,873	312,339
<u>FUND BALANCES (DEFICITS)</u>				
Nonspendable	1,012,200	-	2,526,877	3,539,077
Restricted	-	-	1,729,701	1,729,701
Committed	-	-	89,298	89,298
Assigned	12,083	-	3,687,867	3,699,950
Unassigned	1,989,508	(433,536)	(80,478)	1,475,494
Total Fund Balances (Deficits)	3,013,791	(433,536)	7,953,265	10,533,520
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,309,724	\$ 193,466	\$ 8,550,689	\$ 12,053,879

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Total fund balances of governmental funds	\$ 10,533,520
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds, net of accumulated depreciation of \$6,567,985.	8,562,368
Certain notes, loans, and interest receivables are not available to pay for current period expenditures and therefore are offset by deferred inflows of resources in the governmental funds. Deferred inflows of resources	100,000
Deferred outflows of resources related to 2015 pension contributions were made subsequent to the measurement date.	751,723
Deferred outflows of resources related to changes in the net pension liability are not reported in the governmental funds.	130,726
Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.	
Long-term liabilities	(428,580)
Compensated absences	(304,094)
Net OPEB obligation	(415,957)
Landfill closure liability	(737,656)
Interest payable	(12,703)
Net pension liability	(4,127,290)
Deferred inflows related to changes in the net pension liability	(942,349)
Certain accounts receivables are not available to pay for current period expenditures and therefore are offset by deferred inflows of resources in the governmental funds.	<u>212,339</u>
Net position of governmental activities	<u>\$ 13,322,047</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes and assessments	\$ 3,881,396	\$ -	\$ 531,536	\$ 4,412,932
Licenses, permits, and fees	812,961	-	916,154	1,729,115
Fines and forfeitures	11,209	-	2,414	13,623
Use of money and property	153,063	163	25,580	178,806
Intergovernmental	7,955	-	433,035	440,990
Charges for services	444,137	-	-	444,137
Other revenues	<u>106,549</u>	<u>250</u>	<u>51,135</u>	<u>157,934</u>
Total Revenues	<u>5,417,270</u>	<u>413</u>	<u>1,959,854</u>	<u>7,377,537</u>
<u>EXPENDITURES</u>				
Current:				
General administration	727,973	-	-	727,973
Public safety	3,163,474	-	542,602	3,706,076
Parks and recreation	288,445	-	23,356	311,801
Development	408,641	-	52,873	461,514
Public works	375,525	-	380,153	755,678
Capital outlay	116	343,006	346,496	689,618
Debt service:				
Principal	65,501	-	58,519	124,020
Interest and fiscal charges	<u>13,262</u>	<u>-</u>	<u>11,583</u>	<u>24,845</u>
Total Expenditures	<u>5,042,937</u>	<u>343,006</u>	<u>1,415,582</u>	<u>6,801,525</u>
Excess (Deficiency) of Revenues over Expenditures	<u>374,333</u>	<u>(342,593)</u>	<u>544,272</u>	<u>576,012</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from long-term debt	-	-	137,500	137,500
Transfers in	122,082	91,280	70,000	283,362
Transfers out	<u>-</u>	<u>-</u>	<u>(286,280)</u>	<u>(286,280)</u>
Total Other Financing Sources (Uses)	<u>122,082</u>	<u>91,280</u>	<u>(78,780)</u>	<u>134,582</u>
Net Change in Fund Balances	496,415	(251,313)	465,492	710,594
Fund Balances - July 1, 2014	2,398,855	(182,223)	7,513,935	9,912,790
Prior Period Adjustment (Note 17)	<u>118,521</u>	<u>-</u>	<u>(26,162)</u>	<u>92,359</u>
Fund Balances - June 30, 2015	<u>\$ 3,013,791</u>	<u>\$ (433,536)</u>	<u>\$ 7,953,265</u>	<u>\$ 10,533,520</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

Reconciliation of the change in fund balances - total governmental funds to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$	710,594
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense.		
Capital asset purchases		634,842
Depreciation expense		(493,440)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Proceeds from long-term liabilities are reported as other financing sources in the governmental funds, but increase long-term liabilities in the Statement of Net Position.		
Debt principal payments		124,020
Proceeds of long-term liabilities		(137,500)
Compensated absence expenditures reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.		
		(81,299)
Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period.		
		(1,612)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Pension expense related to deferred outflows and inflows of resources		234,675
Other postemployment benefits		(77,038)
Landfill closure		3,607
Some revenues reported in the Statement of Activities will not be collected for several months after year-end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds.		
		<u>212,339</u>
Change in net position of governmental activities	\$	<u>1,129,188</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	Water	Beach Drive Treatment Facility	NW Wastewater Treatment Facility
ASSETS			
Current Assets			
Cash and investments	\$ 1,782,100	\$ 1,300,480	\$ 2,829,017
Restricted cash and investments	1,885,453	1,855,606	72,559
Accounts receivable, net	309,858	379,216	138,217
Interest receivable	95	-	116
Prepaid items	350	2,000	1,429
Inventory	-	-	-
Total Current Assets	<u>3,977,856</u>	<u>3,537,302</u>	<u>3,041,338</u>
Non Current Assets			
Due from other governments	-	110,312	-
Advances to other funds	438,704	38,705	-
Capital assets:			
Land and construction in progress	3,955,201	721,476	-
Depreciable assets, net	9,487,666	5,253,423	35,113,191
Total Non-Current Assets	<u>13,881,571</u>	<u>6,123,916</u>	<u>35,113,191</u>
Total Assets	<u>17,859,427</u>	<u>9,661,218</u>	<u>38,154,529</u>
DEFERRED OUTFLOWS OF RESOURCES			
2015 Pension contributions	36,197	22,292	12,902
Changes in net pension liability	6,988	4,303	2,490
Total Deferred Outflows	<u>43,185</u>	<u>26,595</u>	<u>15,392</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 148,216	\$ 37,367	\$ 40,647
Accrued salaries and benefits	15,929	9,326	5,388
Accrued interest payable	-	17,213	-
Deposits payable	80,758	-	-
Due to other funds	-	-	-
Unearned revenues	-	-	-
Compensated absences - current	12,918	6,790	3,948
Capital lease - current	6,000	-	-
Bonds payable - current	-	45,000	-
Total Current Liabilities	<u>263,821</u>	<u>115,696</u>	<u>49,983</u>
Non-Current Liabilities			
Advances from other funds	-	1,383,224	1,383,224
Compensated absences - noncurrent	37,593	19,760	11,487
Capital lease - noncurrent	99,355	-	-
Bonds payable - noncurrent	-	1,008,292	-
Net pension liability	184,950	113,900	65,922
Total Non-Current Liabilities	<u>321,898</u>	<u>2,525,176</u>	<u>1,460,633</u>
Total Liabilities	<u>585,719</u>	<u>2,640,872</u>	<u>1,510,616</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in net pension liability	49,383	30,412	17,602
NET POSITION:			
Net investment in capital assets	13,337,512	4,921,607	35,113,191
Restricted for debt service	-	110,908	-
Restricted for capital projects	1,885,453	1,744,698	72,559
Unrestricted	2,044,545	239,316	1,455,953
Total Net Position	<u>\$ 17,267,510</u>	<u>\$ 7,016,529</u>	<u>\$ 36,641,703</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	Airport	Other Enterprise Funds	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 77,158	\$ 2,012,669	\$ 8,001,424
Restricted cash and investments	159,410	-	3,973,028
Accounts receivable, net	718,853	78,499	1,624,643
Interest receivable	-	144	355
Prepaid items	4,575	-	8,354
Inventory	<u>33,385</u>	<u>-</u>	<u>33,385</u>
Total Current Assets	<u>993,381</u>	<u>2,091,312</u>	<u>13,641,189</u>
Non Current Assets			
Due from other governments	-	110,314	220,626
Advances to other funds	-	-	477,409
Capital assets:			
Land and construction in progress	1,100,049	21,795	5,798,521
Depreciable assets, net	<u>6,830,828</u>	<u>611,793</u>	<u>57,296,901</u>
Total Non-Current Assets	<u>7,930,877</u>	<u>743,902</u>	<u>63,793,457</u>
Total Assets	<u>8,924,258</u>	<u>2,835,214</u>	<u>77,434,646</u>
DEFERRED OUTFLOWS OF RESOURCES			
2015 Pension contributions	2,760	1,147	75,298
Changes in net pension liability	<u>532</u>	<u>221</u>	<u>14,534</u>
Total Deferred Outflows	<u>3,292</u>	<u>1,368</u>	<u>89,832</u>
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 700,604	\$ 49,678	\$ 976,512
Accrued salaries and benefits	1,122	2,023	33,788
Accrued interest payable	-	-	17,213
Deposits payable	14,892	10,829	106,479
Due to other funds	103,399	-	103,399
Unearned revenues	155,699	2,767	158,466
Compensated absences - current	946	369	24,971
Capital lease - current	-	-	6,000
Bonds payable - current	<u>-</u>	<u>-</u>	<u>45,000</u>
Total Current Liabilities	<u>976,662</u>	<u>65,666</u>	<u>1,471,828</u>
Non-Current Liabilities			
Advances from other funds	1,032,572	-	3,799,020
Compensated absences - noncurrent	2,754	1,071	72,665
Capital lease - noncurrent	-	-	99,355
Bonds payable - noncurrent	-	-	1,008,292
Net pension liability	<u>14,100</u>	<u>5,860</u>	<u>384,732</u>
Total Non-Current Liabilities	<u>1,049,426</u>	<u>6,931</u>	<u>5,364,064</u>
Total Liabilities	<u>2,026,088</u>	<u>72,597</u>	<u>6,835,892</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in net pension liability	<u>3,765</u>	<u>1,564</u>	<u>102,726</u>
NET POSITION:			
Net investment in capital assets	7,930,877	633,588	61,936,775
Restricted for debt service	-	-	110,908
Restricted for capital projects	159,410	-	3,862,120
Unrestricted	<u>(1,192,590)</u>	<u>2,128,833</u>	<u>4,676,057</u>
Total Net Position	<u>\$ 6,897,697</u>	<u>\$ 2,762,421</u>	<u>\$ 70,585,860</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	Water	Beach Drive Treatment Facility	NW Wastewater Treatment Facility
<u>OPERATING REVENUES</u>			
Charges for services	\$ 2,687,366	\$ 2,864,045	\$ 1,550,448
Rents	-	-	-
Sale of fuel	-	-	-
Grant revenue	-	-	-
Other revenue	-	-	1,229
Total Operating Revenue	<u>2,687,366</u>	<u>2,864,045</u>	<u>1,551,677</u>
<u>OPERATING EXPENSES</u>			
Salaries and benefits	593,012	363,294	204,531
Materials, supplies, & operational expenses	130,729	92,879	53,031
Repairs and maintenance	100,966	71,633	74,295
Power and utilities	201,475	71,569	160,138
Contractual services	76,357	815,357	587,113
Professional services	41,015	8,859	8,744
Insurance	11,109	15,333	15,321
Miscellaneous	87,369	11,796	19,541
Depreciation and amortization	609,402	196,547	432,235
Total Operating Expenses	<u>1,851,434</u>	<u>1,647,267</u>	<u>1,554,949</u>
Operating Income (Loss)	<u>835,932</u>	<u>1,216,778</u>	<u>(3,272)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	11,869	10,911	8,780
Interest expense	-	(64,638)	-
Capital grants	-	-	-
Total Non-Operating Revenues (Expenses)	<u>11,869</u>	<u>(53,727)</u>	<u>8,780</u>
Income (Loss) Before Transfers	<u>847,801</u>	<u>1,163,051</u>	<u>5,508</u>
<u>TRANSFERS</u>			
Transfers in	10,000	10,000	10,000
Transfers out	(25,000)	-	-
Total Transfers	<u>(15,000)</u>	<u>10,000</u>	<u>10,000</u>
Change in net position	<u>832,801</u>	<u>1,173,051</u>	<u>15,508</u>
Net Position - July 1, 2014	16,638,856	5,969,200	36,698,960
Prior period adjustment (Note 17)	(204,147)	(125,722)	(72,765)
Net Position - July 1, 2014, restated	<u>16,434,709</u>	<u>5,843,478</u>	<u>36,626,195</u>
Net Position - June 30, 2015	<u>\$ 17,267,510</u>	<u>\$ 7,016,529</u>	<u>\$ 36,641,703</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	Airport	Other Enterprise Funds	Totals
<u>OPERATING REVENUES</u>			
Charges for services	\$ -	\$ 32,077	\$ 7,133,936
Rents	191,174	94,944	286,118
Sale of fuel	31,881	-	31,881
Grant revenue	-	467,455	467,455
Other revenue	<u>524</u>	<u>16,758</u>	<u>18,511</u>
Total Operating Revenue	<u>223,579</u>	<u>611,234</u>	<u>7,937,901</u>
<u>OPERATING EXPENSES</u>			
Salaries and benefits	49,846	41,523	1,252,206
Materials, supplies, & operational expenses	46,457	75,742	398,838
Repairs and maintenance	12,346	21,888	281,128
Power and utilities	26,663	2,124	461,969
Contractual services	57,174	270,406	1,806,407
Professional services	2,533	65,939	127,090
Insurance	5,925	-	47,688
Miscellaneous	59,967	7,381	186,054
Depreciation and amortization	<u>234,024</u>	<u>69,587</u>	<u>1,541,795</u>
Total Operating Expenses	<u>494,935</u>	<u>554,590</u>	<u>6,103,175</u>
Operating Income (Loss)	<u>(271,356)</u>	<u>56,644</u>	<u>1,834,726</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	967	5,529	38,056
Interest expense	-	-	(64,638)
Capital grants	<u>707,239</u>	<u>23,596</u>	<u>730,835</u>
Total Non-Operating Revenues (Expenses)	<u>708,206</u>	<u>29,125</u>	<u>704,253</u>
Income (Loss) Before Transfers	<u>436,850</u>	<u>85,769</u>	<u>2,538,979</u>
<u>TRANSFERS</u>			
Transfers in	-	-	30,000
Transfers out	<u>-</u>	<u>(2,082)</u>	<u>(27,082)</u>
Total Transfers	<u>-</u>	<u>(2,082)</u>	<u>2,918</u>
Change in net position	<u>436,850</u>	<u>83,687</u>	<u>2,541,897</u>
Net Position - July 1, 2014	6,476,411	2,685,202	68,468,629
Prior period adjustment (Note 17)	<u>(15,564)</u>	<u>(6,468)</u>	<u>(424,666)</u>
Net Position - July 1, 2014, restated	<u>6,460,847</u>	<u>2,678,734</u>	<u>68,043,963</u>
Net Position - June 30, 2015	<u>\$ 6,897,697</u>	<u>\$ 2,762,421</u>	<u>\$ 70,585,860</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Business-type Activities - Enterprise Funds</u>		
		NW	
	<u>Water</u>	<u>Beach Drive Treatment Facility</u>	<u>Wastewater Treatment Facility</u>
<u>CASH FLOWS FROM OPERATING</u>			
<u>ACTIVITIES</u>			
Cash received from customers	\$ 2,712,124	\$ 2,903,442	\$ 1,548,574
Cash paid to suppliers	(871,152)	(1,177,130)	(923,306)
Cash paid to employees	<u>(595,787)</u>	<u>(364,509)</u>	<u>(204,699)</u>
Net Cash Provided by (Used for) Operating Activities	<u>1,245,185</u>	<u>1,361,803</u>	<u>420,569</u>
<u>CASH FLOWS FROM NON-CAPITAL</u>			
<u>FINANCING ACTIVITIES</u>			
Due (to) from other funds	-	(11,077)	-
Transfers to other funds	<u>(15,000)</u>	<u>10,000</u>	<u>10,000</u>
Net Cash Provided by (Used for) Non- Capital Financing Activities	<u>(15,000)</u>	<u>(1,077)</u>	<u>10,000</u>
<u>CASH FLOWS FROM CAPITAL AND</u>			
<u>RELATED FINANCING ACTIVITIES</u>			
Capital contributions	-	-	-
Acquisition of capital assets	(641,759)	(619,612)	(17,737)
Principal paid on capital debt	(6,000)	(40,000)	-
Interest paid on capital debt	<u>-</u>	<u>(64,638)</u>	<u>-</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(647,759)</u>	<u>(724,250)</u>	<u>(17,737)</u>
<u>CASH FLOWS FROM INVESTING</u>			
<u>ACTIVITIES</u>			
Interest and dividends	<u>12,057</u>	<u>10,912</u>	<u>9,009</u>
Net Cash Provided by Investing Activities	<u>12,057</u>	<u>10,912</u>	<u>9,009</u>
Net Increase (Decrease) in Cash and Cash Equivalents	594,483	647,388	421,841
Cash and Cash Equivalents - July 1, 2014	<u>3,073,070</u>	<u>2,508,698</u>	<u>2,479,735</u>
Cash and Cash Equivalents - June 30, 2015	<u>\$ 3,667,553</u>	<u>\$ 3,156,086</u>	<u>\$ 2,901,576</u>
<u>Reconciliation of Cash and Cash Equivalents</u>			
<u>to the Statement of Net Position</u>			
Cash and investments	\$ 1,782,100	\$ 1,300,480	\$ 2,829,017
Restricted cash and investments	<u>1,885,453</u>	<u>1,855,606</u>	<u>72,559</u>
Cash and Cash Equivalents - June 30, 2015	<u>\$ 3,667,553</u>	<u>\$ 3,156,086</u>	<u>\$ 2,901,576</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-type Activities - Enterprise Funds		
	Airport	Other Enterprise Funds	Totals
<u>CASH FLOWS FROM OPERATING</u>			
<u>ACTIVITIES</u>			
Cash received from customers	\$ 269,483	\$ 755,245	\$ 8,188,868
Cash paid to suppliers	(262,459)	(431,899)	(3,665,946)
Cash paid to employees	(50,538)	(39,890)	(1,255,423)
Net Cash Provided by (Used for) Operating Activities	(43,514)	283,456	3,267,499
<u>CASH FLOWS FROM NON-CAPITAL</u>			
<u>FINANCING ACTIVITIES</u>			
Due (to) from other funds	(8,851)	(142,167)	(162,095)
Transfers to other funds	-	-	5,000
Net Cash Provided by (Used for) Non- Capital Financing Activities	(8,851)	(142,167)	(157,095)
<u>CASH FLOWS FROM CAPITAL AND</u>			
<u>RELATED FINANCING ACTIVITIES</u>			
Capital contributions	707,239	23,596	730,835
Acquisition of capital assets	(694,736)	-	(1,973,844)
Principal paid on capital debt	-	-	(46,000)
Interest paid on capital debt	-	-	(64,638)
Net Cash Provided by (Used for) Capital and Related Financing Activities	12,503	23,596	(1,353,647)
<u>CASH FLOWS FROM INVESTING</u>			
<u>ACTIVITIES</u>			
Interest and dividends	1,107	5,811	38,896
Net Cash Provided by Investing Activities	967	5,811	38,896
Net Increase (Decrease) in Cash and Cash Equivalents	(38,895)	170,696	1,795,653
Cash and Cash Equivalents - July 1, 2014	275,463	1,841,973	10,178,939
Cash and Cash Equivalents - June 30, 2015	\$ 236,568	\$ 2,012,669	\$ 11,974,592
<u>Reconciliation of Cash and Cash Equivalents</u>			
<u>to the Statement of Net Position</u>			
Cash and investments	\$ 77,158	\$ 2,012,669	\$ 8,001,424
Restricted cash and investments	159,410	-	3,973,028
Cash and Cash Equivalents - June 30, 2015	\$ 236,568	\$ 2,012,669	\$ 11,974,452

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
 STATEMENT OF CASH FLOWS (continued)
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015

	<u>Water</u>	<u>Beach Drive Treatment Facility</u>	<u>NW Wastewater Treatment Facility</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u>			
Operating Income (loss)	\$ 835,932	\$ 1,216,778	\$ (3,272)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	609,402	193,099	432,235
Amortization	-	3,448	-
Pension expense	(12,999)	(8,005)	(4,633)
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	3,008	39,396	(3,103)
Increase in prepaid expenses	(350)	(2,000)	(1,429)
Decrease in inventory	-	-	-
Increase (decrease) in accounts payable	(221,782)	(87,703)	(3,694)
Increase in unearned revenue	-	-	-
Increase (decrease) in deposits payable	21,750	-	-
Increase increase in accrued wages	710	429	196
Increase in compensated absences	<u>9,514</u>	<u>6,361</u>	<u>4,269</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,245,185</u>	<u>\$ 1,361,803</u>	<u>\$ 420,569</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Airport</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u>			
Operating Income (loss)	\$ (271,356)	\$ 56,644	\$ 1,834,726
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	234,024	69,587	1,538,347
Amortization	-	-	3,448
Pension expense	(991)	(412)	(27,040)
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable	(646,935)	137,987	(469,647)
Increase in prepaid expenses	(85)	-	(3,864)
Decrease in inventory	23,300	-	23,300
Increase (decrease) in accounts payable	620,127	11,581	318,529
Increase in unearned revenue	-	2,767	2,767
Increase (decrease) in deposits payable	(1,897)	3,257	23,110
Increase increase in accrued wages	103	1,511	2,949
Increase in compensated absences	<u>196</u>	<u>534</u>	<u>20,874</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (43,514)</u>	<u>\$ 283,456</u>	<u>\$ 3,267,499</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015

	<u>Private- Purpose Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and investments (Note 2)	\$ 182,567	\$ 2,115,284
Accounts receivable	-	1,213
Interest receivable	-	82
Restricted cash and investments (Note 2)	<u>-</u>	<u>2,133,857</u>
Total Assets	<u>\$ 182,567</u>	<u>\$ 4,250,436</u>
<u>LIABILITIES</u>		
Accounts payable and other liabilities	\$ 222,642	\$ 64,408
Funds held in trust	<u>-</u>	<u>4,186,028</u>
Total Liabilities	<u>\$ 222,642</u>	<u>\$ 4,250,436</u>
<u>NET POSITION</u>		
Held in trust for private purposes	<u>\$ (40,075)</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<u>Private- Purpose Trust Fund</u>
<u>ADDITIONS</u>	
Program Income	\$ 12,635
Taxes and assessments	124,202
Interest income	<u>46</u>
Total Additions	<u>136,883</u>
<u>DEDUCTIONS</u>	
Operating costs	<u>91,208</u>
Total Deductions	<u>91,208</u>
Change in Fiduciary Net Position	45,675
Fiduciary Net Position - July 1, 2014	<u>(85,750)</u>
Fiduciary Net Position - June 30, 2015	<u>\$ (40,075)</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. The Reporting Entity

The accompanying basic financial statements present the financial activities of the City along with the financial activities of its blended component unit, which is an entity for which the City is financially accountable. Together these entities comprise the primary government for reporting purposes. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component unit, which is described below, is blended.

City of Rio Vista Public Financing Authority

The City of Rio Vista Public Financing Authority (the "Authority") was formed as a joint powers authority between the City and the former Redevelopment Agency to serve as a financing mechanism of various capital projects. The City Council acts as the governing board in a concurrent session, as necessary. The bond issuance authorizations are approved by the City's Council and the legal liability for the Authority's debt remains with the City. The Authority provides services solely for the benefit of the City and is presented as a debt service fund. No separate financial statements are issued for the Authority.

B. Basis of Presentation

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

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

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include the activities of the overall City government except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between governmental and business-type activities of the City. The City's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements:

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental funds are aggregated and reported as nonmajor funds in a single column, regardless of their fund type.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Fund - Debt Service Funds are used to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Project Funds - Capital Project Funds are used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (not included in government-wide statements)

Agency Funds - Agency Funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Private-Purpose Trust Funds - Private Purpose Trust Funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

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

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the general fund includes such activities such as public safety, public ways and facilities, parks and recreation services, and economic development services.

Capital Projects - This fund is used to account for the City's major capital projects.

The City reports the following major proprietary funds in the accompanying financial statements:

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

Beach Drive Treatment Facility Fund - This fund accounts for the cost of providing services to residents and businesses connected to the Beach Drive Sewer Facility.

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

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

The City also reports the following fund types:

Agency Funds - These funds are custodial in nature and do not involve measurement of the results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the City as an agent for other governmental units or individuals.

Private-Purpose Trust Fund - This fund was created as a result of the State order to dissolve California Redevelopment Agencies. As the Successor Agency, this fund is used to track the activity by the Oversight Board and the Department of Finance to dissolve the Agency.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- c. As agency funds report only assets and liabilities, they do not have a measurement focus. However, they use the accrual basis of accounting to recognize receivables and payables. The "economic resources" measurement focus and the accrual basis of accounting is used for trust funds.

Basis of Accounting

In the government-wide Statement of Net Position and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. In addition, all fiduciary funds use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City defines available to be within 60 days of year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds for governmental long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position are 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.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds' principal operations. The principal operating revenues of the sewer and transit enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Property Taxes

The County of Solano levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received, in the fiscal year or levy, due to the adoption of the "alternate method of property tax distribution", known as the Teeter Plan, by the City and the County of Solano. The Teeter Plan authorizes the Auditor/Controller of the County of Solano to allocate 100% of the secured property taxes billed, but not yet paid. The County of Solano remits tax monies to the City in two installments as follows:

50% remitted in December
45% remitted in April
5% remitted in June

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on February 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Property valuations are established by the Assessor of the County of Solano for the secured and unsecured property tax rolls. Under the provisions of Article XIII A of the State Constitution, properties are assessed at 100% of purchase price or value in 1978 whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

E. Cash and Investments

The City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on month-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

The City's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. LAIF determines the fair value of their portfolio quarterly and reports a factor to the City; the City applies that factor to convert its share of LAIF from amortized cost to fair value. This amount is included in cash and cash equivalents in the balance sheet of the governmental funds. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

F. Accounts and Interest Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines and other fees. Federal and state grants are considered receivable and accrue as revenue when reimbursable costs are incurred. Business-type activities report utilities and interest earnings as their major receivables.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are recorded as deferred inflows of resources in the fund financial statements in accordance with modified accrual, but not in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Long-term loans in governmental funds are treated as expenditures in the year advanced and as revenues in the year repayment is measurable and available. Loans receivable are recorded in the fund statements, but are offset by deferred inflows of resources to indicate they do not represent current financial resources. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables.

G. Prepaid Expenses and Inventory

Inventories are stated at cost (average cost per unit) for governmental and proprietary funds. The cost is recorded as an expenditure/expense in the funds at the time individual inventory items are consumed, rather than purchased. Inventories of governmental funds are offset by nonspendable fund balance to indicate they do not constitute resources available for future appropriation.

Prepaid items are also recognized under the consumption method. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

The accounting treatment over property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

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 of debt financed capital assets of business-type activities is included as part of the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. 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 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 Position 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.

J. Long Term Liabilities

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term liabilities, and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Initial issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, except for insurance, are expensed in the period incurred. Amortization of bond premiums or discounts, insurance costs, and deferred amounts on refunding is included in interest expense.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position, or balance sheet, will sometimes report a section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position or fund balance that applies to a future period(s) and so will be recognized as an outflow of resources (expense/expenditure) until then.

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

L. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as 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 available financial resources.

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 presentation.

N. Equity Classifications

Government-wide Statements

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

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position with constraints place on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- a. Nonspendable - Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, laws, or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
- d. Assigned - Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted or committed.
- e. Unassigned - Amounts representing the residual classification for the general fund and residual negative fund balance of special revenue and capital project funds.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Further detail about the City's fund balance classification is described in Note 10.

O. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

P. Reclassifications

Certain accounts in prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Q. Implementation of Government Accounting Standards Board Statements

Effective July 1, 2014, the City implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statements Nos. 68 and 71

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. This statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. This statement requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. See note 8 for more information.

R. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2015 or later. The City has not determined the effects on the financial statements.

Government Accounting Standards Board Statement No. 72

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2016.

Government Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB, and replaces Statements No. 45 and 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures related to OPEB. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2018.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Accounting Standards Board Statement No. 76

In June 2015, GASB issued Statement No. 76, *the Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The City has not determined what impact, if any, this pronouncement will have on the financial statements. Application of this statement is effective for the City's fiscal year ending June 30, 2016.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2015 were classified in the accompanying financial statements as follows:

	Cash and Investments	Restricted Cash and Investments	Total
Governmental activities	\$ 6,721,981	\$ 11,787	\$ 6,733,768
Business-type activities	<u>8,001,424</u>	<u>3,973,028</u>	<u>11,974,452</u>
Total government-wide cash and investments	<u>14,723,405</u>	<u>3,984,815</u>	<u>18,708,220</u>
Fiduciary activities	<u>2,297,851</u>	<u>2,133,857</u>	<u>4,431,708</u>
Total cash and investments	<u>\$ 17,021,256</u>	<u>\$ 6,118,672</u>	<u>\$ 23,139,928</u>

Cash and investments were carried at fair value as of June 30, 2015 and consisted of the following:

Cash and Investments

Deposits:	
Cash on hand	\$ 200
Cash in banks	<u>16,239,526</u>
Total cash	<u>16,239,726</u>
Money market funds	6,118,672
Local Agency Investment Fund (LAIF)	<u>781,530</u>
Total investments	<u>6,900,202</u>
Total cash and investments	<u>\$ 23,139,928</u>

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Authorized Investments of the City

The table below identifies the investment types that are authorized by the City's investment policy. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum 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	50%	(B)
Medium-Term Notes	5 years	A	50%	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.

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:

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
U.S. Treasury Obligations	None	N/A
U.S. 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 Deposit	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.

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City's interest rate risk is mitigated is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2015:

	Remaining Maturity		
	12 months or less	1-5 years	Fair Value
Money market funds	\$ 3,873,907	\$ -	\$ 3,873,907
Local Agency Investment Fund	781,530	-	781,530
Held by bond trustee:			
Money market funds	<u>2,244,765</u>	<u>-</u>	<u>2,244,765</u>
	<u>\$ 6,900,202</u>	<u>\$ -</u>	<u>\$ 6,900,202</u>

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City had no investments (including investments held by bond trustees) that were highly sensitive to interest rate fluctuations as of June 30, 2015.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year for each investment type.

	Total	Rating as of Fiscal Year End		
		S&P	Moody's	N/A
Money market funds	\$ 3,873,907			Not rated
Local Agency Investment Fund	781,530			Not rated
Held by bond trustee:				
Money market funds	<u>2,244,765</u>	AAAm	Aaa-mf	
	<u>\$ 6,900,202</u>			

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by the LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2015, the carrying amount of the City's deposits was \$16,239,526 and bank balances were \$16,307,034.

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated monthly based on the ending cash balances of the previous month in each fund receiving interest.

NOTE 3: NOTES AND LOANS RECEIVABLE

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3: NOTES AND LOANS RECEIVABLE (CONTINUED)

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 these programs at June 30, 2015 were \$117,560. The loans have varying maturity dates and interest rates, depending on loan agreements. The balance of the notes receivable have been offset in the fund financial statements by deferred inflows of resources as they are not deemed measurable and available within 60 days, except for those loans that have current payment activity.

NOTE 4: INTERFUND TRANSACTIONS

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
General Fund	ATOD Grant	Overdrawn cash balances	\$ 7,958
	FEMA Safer Grant	Overdrawn cash balances	70,775
	Airport	Overdrawn cash balances	103,399
	Capital Projects	Overdrawn cash balances	<u>274,108</u>
Total Due to/From			\$ <u>456,240</u>

Advances to/from Other Funds

The composition of interfund balances as of June 30, 2015 was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Army Base	\$ 172,799
General Fund	Airport	<u>801,656</u>
Total Governmental Major Fund Advances		<u>974,455</u>
Parks and Recreation	Beach Drive Treatment	50,000
Parks and Recreation	NW Wastewater Treatment	50,000
Municipal Improvement	Airport	153,507
Municipal Improvement	Beach Drive Treatment	1,133,224
Municipal Improvement	NW Wastewater Treatment	<u>1,133,224</u>
Total Governmental Non-Major Fund Advances		<u>2,519,955</u>
Water	Airport	38,704
Water	Beach Drive Treatment	200,000
Water	NW Wastewater Treatment	200,000
Beach Drive Treatment	Airport	<u>38,705</u>
Total Proprietary Major Fund Advances		\$ <u>477,409</u>

The General Fund loaned the Airport Enterprise Fund \$489,842, \$300,600 and \$11,214 in fiscal 2005, 2006, and 2007 respectively. The General Fund also loaned the Army Base Reuse Capital Project Fund \$146,893 in fiscal year 2007, \$17,653 in fiscal year 2008 and an additional \$8,253 in fiscal year 2009. No payments were made on the loans during the year ended June 30, 2015.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 4: INTERFUND TRANSACTIONS (CONTINUED)

The Beach Drive Treatment Facility and NW Wastewater Treatment Facility Enterprise Funds borrowed from the Municipal Improvements Capital Project Fund, Parks and Recreation Capital Project Fund, and Water Enterprise Fund the amounts of \$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.

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 was due on June 30, 2013; however no payments have been made since fiscal year 2012, potentially extending the final payment date. The balance of the loan remained at \$77,409 at June 30, 2015.

The Airport Enterprise Fund borrowed \$153,507 from the Municipal Improvement Capital Project Fund during fiscal year 2008. No payments were made during the year ended June 30, 2015.

Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2015 were as follows:

<u>Transfer from</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
<u>Governmental Funds</u>			
Gas Tax	Capital Projects	Grant matching funds	\$ 60,640
Personnel Services District	Vehicle Replacement	Fire truck reserves	35,000
Vehicle Replacement	Storm Drain	YSAQMD grant allocation	10,000
	Water	YSAQMD grant allocation	10,000
	Beach Drive Treatment	YSAQMD grant allocation	10,000
	NW Wastewater	YSAQMD grant allocation	10,000
Parks & Recreation	Capital Projects	Grant matching funds	30,640
Landfill Closure	General Fund	Excess landfill reserves	<u>120,000</u>
	Total Non- Major Governmental Interfund Transfers		<u>286,280</u>
<u>Proprietary Funds</u>			
Water	Vehicle Replacement	Fire truck reserves	25,000
Sewer Construction	General Fund	Close out fund	<u>2,082</u>
	Total Proprietary Interfund Transfers		<u>27,082</u>
	Total Interfund Transfers		<u>\$ 313,362</u>

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5: CAPITAL ASSETS

Governmental activities:

	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2015</u>
Capital assets not being depreciated				
Land	\$ 1,968,598	\$ -	\$ -	\$ 1,968,598
Construction-in-progress	<u>14,917</u>	<u>357,020</u>	<u>-</u>	<u>371,937</u>
Total capital assets not being depreciated	<u>1,983,515</u>	<u>357,020</u>	<u>-</u>	<u>2,340,535</u>
Capital assets being depreciated				
Buildings and improvements	4,689,005	25,940	-	4,714,945
Vehicles	2,235,677	251,882	(65,000)	2,422,559
Machinery and equipment	1,145,834	-	-	1,145,834
Infrastructure	<u>4,506,480</u>	<u>-</u>	<u>-</u>	<u>4,506,480</u>
Total capital assets being depreciated	<u>12,576,996</u>	<u>277,822</u>	<u>(65,000)</u>	<u>12,789,818</u>
Less accumulated depreciation				
Buildings and improvements	(2,666,199)	(160,219)	-	(2,826,418)
Vehicles	(1,718,736)	(140,800)	65,000	(1,794,536)
Machinery and Equipment	(943,682)	(41,897)	-	(985,579)
Infrastructure	<u>(810,928)</u>	<u>(150,524)</u>	<u>-</u>	<u>(961,452)</u>
Total accumulated depreciation	<u>(6,139,545)</u>	<u>(493,440)</u>	<u>65,000</u>	<u>(6,567,985)</u>
Total capital assets, net	<u>\$ 8,420,966</u>	<u>\$ 141,402</u>	<u>\$ -</u>	<u>\$ 8,562,368</u>

Depreciation was charged to functions based on their usage of the related assets as follows:

Governmental Activities:

General administration	\$ 59,093
Public safety	203,552
Parks and recreation	94,943
Development	3,680
Public works	<u>132,172</u>
Total governmental activities depreciation expense	<u>\$ 493,440</u>

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5: CAPITAL ASSETS (CONTINUED)

Business-type activities:

	<u>Balance at July 1, 2014</u>	<u>Prior Period Restatement</u>	<u>Balance at July 1, 2014, Restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2015</u>
Nondepreciable assets:							
Land	\$ 552,108	\$ -	\$ 552,108	\$ -	\$ -	\$ -	\$ 552,108
Construction-in-progress	4,050,027	(573,817)	3,476,210	1,920,634	-	(150,431)	5,246,413
Total nondepreciable assets	<u>4,602,135</u>	<u>(573,817)</u>	<u>4,028,318</u>	<u>1,920,634</u>	<u>-</u>	<u>(150,431)</u>	<u>5,798,521</u>
Capital assets being depreciated							
Buildings and improvements	53,995,251	-	53,995,251	-	-	-	53,995,251
Runways	10,783,810	-	10,783,810	-	-	-	10,783,810
Machinery and equipment	1,600,518	-	1,600,518	-	-	-	1,600,518
Vehicles	517,952	-	517,952	53,210	-	-	571,162
Infrastructure	<u>8,793,958</u>	<u>573,817</u>	<u>9,367,775</u>	<u>-</u>	<u>-</u>	<u>150,431</u>	<u>9,518,206</u>
Total capital assets being depreciated	<u>75,691,489</u>	<u>573,817</u>	<u>76,265,306</u>	<u>53,210</u>	<u>-</u>	<u>150,431</u>	<u>76,468,947</u>
Less accumulated depreciation							
Buildings and improvements	(10,748,185)	-	(10,748,185)	(951,970)	-	-	(11,700,155)
Runways	(4,243,638)	-	(4,243,638)	(210,105)	-	-	(4,453,743)
Machinery and equipment	(1,430,687)	-	(1,430,687)	(40,117)	-	-	(1,470,804)
Vehicles	(209,752)	-	(209,752)	(72,845)	-	-	(282,597)
Infrastructure	<u>(1,001,437)</u>	<u>-</u>	<u>(1,001,437)</u>	<u>(263,310)</u>	<u>-</u>	<u>-</u>	<u>(1,264,747)</u>
Total accumulated depreciation	<u>(17,633,699)</u>	<u>-</u>	<u>(17,633,699)</u>	<u>(1,538,347)</u>	<u>-</u>	<u>-</u>	<u>(19,172,046)</u>
Total capital assets, net	<u>\$ 62,659,925</u>	<u>\$ -</u>	<u>\$ 62,659,925</u>	<u>\$ 435,497</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,095,422</u>

Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Water	\$ 609,402
Beach Drive Treatment Facility	193,099
NW Wastewater Treatment Facility	432,235
Airport	234,024
Business Park	13,616
Transit	<u>55,971</u>
Total business-type activities depreciation expense	<u>\$ 1,538,347</u>

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2015:

	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Current Portion</u>
Governmental activities:					
Compensated absences	\$ 222,795	\$ 122,516	\$ (41,217)	\$ 304,094	\$ 77,773
1997 Firehouse General Obligation Bonds	107,000	-	(24,000)	83,000	26,000
City Manager Vehicle Lease	19,276	-	(4,062)	15,214	4,186
Police Vehicle Leases	265,600	-	(61,439)	204,161	64,634
PG&E Retrofit Loan	23,224	-	(2,423)	20,801	2,424
Fire Truck Loan	-	137,500	(32,096)	105,404	33,438
Total Governmental activities	\$ 637,895	\$ 260,016	\$ (165,237)	\$ 732,674	\$ 208,455

	<u>Balance at July 1, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2015</u>	<u>Current Portion</u>
Business-type activities:					
Compensated absences	\$ 76,762	\$ 39,336	\$ (18,462)	\$ 97,636	\$ 24,971
2000 Water and Wastewater Revenue Bonds	1,145,000	-	(40,000)	1,105,000	45,000
Land Capital Lease	111,355	-	(6,000)	105,355	6,000
Less: unamortized discounts	(55,156)	-	3,448	(51,708)	-
Total Business-type activities	\$ 1,277,961	\$ 39,336	\$ (61,014)	\$ 1,256,283	\$ 75,971

A description of the long-term liabilities related to governmental activities at June 30, 2015 follows:

A. Governmental Activities

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. Future debt service payments are as follows:

1977 Firehouse General Obligation Bonds			
<u>For the Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 26,000	\$ 4,462	\$ 30,462
2017	28,000	2,742	30,742
2018	29,000	925	29,925
Total	\$ 83,000	\$ 8,129	\$ 91,129

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

Vehicle Leases

In November 2013, the City entered into a lease agreement in the amount of \$340,851 with Ford Motor Credit Company at 5.20% to finance the purchase of eight police vehicles. Annual principal and interest payments of \$75,251 are due through November 2017. The outstanding balance on the lease as of June 30, 2015 was \$204,160. The vehicles are included in capital assets at a net book value of \$227,234.

In January 2014, the City entered into a lease agreement in the amount of \$21,315 with Ford Motor Credit Company at 3.00% to finance the purchase of a vehicle for the City Manager. Monthly principal and interest payments of \$382 are due through December 2018. The outstanding balance on the lease as of June 30, 2015 was \$15,214. The vehicle is included in capital assets at a net book value of \$14,920.

Future debt service payments are as follows:

Vehicle Leases			
For the Year Ending June 30	Principal	Interest	Total
2016	\$ 68,820	\$ 11,015	\$ 79,835
2017	72,307	7,527	79,834
2018	75,975	3,861	79,836
2019	2,273	20	2,293
Total	\$ 219,375	\$ 22,423	\$ 241,798

PG&E Retrofit Loan

In March 2014, the City entered into a loan agreement with Pacific Gas & Electric (PG&E) in the amount of \$24,032 for energy efficient / demand response equipment and services. Monthly payments of \$202 are due through December 2023. The loan does not bear any interest. Future debt service payments are as follows:

PG&E Retrofit Loan			
For the Year Ending June 30	Principal	Interest	Total
2016	\$ 2,424	\$ -	\$ 2,424
2017	2,424	-	2,424
2018	2,424	-	2,424
2019	2,424	-	2,424
2020	2,424	-	2,424
2021 - 2025	8,681	-	8,681
Total	\$ 20,801	\$ -	\$ 20,801

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Fire Truck Loan

In July 2014, the City entered into a loan agreement in the amount of \$137,500 at 4.50% to finance the purchase of a platform ladder fire truck. Monthly principal and interest payments of \$3,136 are due beginning August 2014 through July 2018. The loan is secured by the vehicle. Future debt service payments are as follows:

Fire Truck Loan			
For the Year Ending June 30	Principal	Interest	Total
2016	\$ 33,438	\$ 4,194	\$ 37,632
2017	34,985	2,647	37,632
2018	36,981	1,052	38,033
Total	\$ 105,404	\$ 7,893	\$ 113,297

Total Governmental Activities Long-Term Liabilities Amortization

Total Governmental Activities			
For the Year Ending June 30	Principal	Interest	Total
2016	\$ 130,682	\$ 19,671	\$ 150,353
2017	137,716	12,916	150,632
2018	144,380	5,838	150,218
2019	4,697	20	4,717
2020	2,424	-	2,424
2021 - 2025	8,681	-	8,681
Total	\$ 428,580	\$ 38,445	\$ 467,025

A description of the long-term liabilities related to business-type activities at June 30, 2015 follows:

B. Business-type Activities

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 minimum coverage of net revenues over debt service required in the bond indenture is 120%; however, the coverage for the year ended June 30, 2015 was 1,481%. Future debt service payments are as follows:

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

2000 Water and Wastewater Revenue Bonds			
For the Year Ending June 30	Principal	Interest	Total
2016	\$ 45,000	\$ 62,300	\$ 107,300
2017	45,000	59,825	104,825
2018	50,000	57,150	107,150
2019	50,000	54,275	104,275
2020	55,000	51,257	106,257
2021 - 2025	330,000	203,240	533,240
2026 - 2030	430,000	93,650	523,650
2031 - 2035	<u>100,000</u>	<u>2,900</u>	<u>102,900</u>
Total	\$ <u>1,105,000</u>	\$ <u>584,597</u>	\$ <u>1,689,597</u>

2013 Land Capital Lease

The City entered into a capital ground lease for the purpose of installation of Arsenic filtration equipment for Well 10. The lease has an option to purchase the property at the end of the lease. The capital lease has s 20-year term, beginning in January 2013 and expiring in January 2033. Annual principal payments of \$6,000 are made from water revenues. The land is included in capital assets at \$120,000. Future debt service payments are as follows:

2013 Land Capital Lease			
For the Year Ending June 30	Principal	Interest	Total
2016	\$ 6,000	\$ -	\$ 6,000
2017	6,000	-	6,000
2018	6,000	-	6,000
2019	6,000	-	6,000
2020	6,000	-	6,000
2021 - 2025	30,000	-	30,000
2026 - 2030	30,000	-	30,000
2031 - 2035	<u>15,355</u>	<u>-</u>	<u>15,355</u>
Total	\$ <u>105,355</u>	\$ <u>-</u>	\$ <u>105,355</u>

Total Business-Type Long-Term Liabilities Amortization

Total Business-Type Activities			
For the Year Ending June 30	Principal	Interest	Total
2016	\$ 51,000	\$ 62,300	\$ 113,300
2017	51,000	59,825	110,825
2018	56,000	57,150	113,150
2019	56,000	54,275	110,275
2020	61,000	51,257	112,257
2021 - 2025	360,000	203,240	563,240
2026 - 2030	460,000	93,650	553,650
2031 - 2035	<u>115,355</u>	<u>2,900</u>	<u>118,255</u>
Total	\$ <u>1,210,355</u>	\$ <u>584,597</u>	\$ <u>1,794,952</u>

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7: SPECIAL ASSESSMENT DEBT

Special assessment bonds have been issued pursuant to the provisions of the Improvement Bond Acts of 1915. The City is in no way liable for repayment of any bonds of the funds related to the Agency funds, according to bond counsel, but is acting only as an agent for the property owners/bond holders in collecting and forwarding the special assessments. Balances of the various assessment district bonds at June 30, 2015 were as follows:

Community Facilities District No. 2004-1	\$ 13,320,000
Community Facilities District No. 2006-1	13,220,000
Reassessment District No. 2007-1R Refunding Bonds	<u>921,600</u>
Total Special Assessment Debt	<u>\$ 27,461,600</u>

NOTE 8: DEFINED BENEFIT PENSION PLAN

A. General Information about the Pension Plans

Plan Description

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for Miscellaneous Plan members if membership date is on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Special Death Benefit (Safety only), the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015 are summarized as follows:

Hire Date	Classic Prior to January 1, 2013	Miscellaneous (PEPRA) On or After January 1, 2013
Benefit Formula	2.0% @ 55	2.0% @ 62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50 and up	52 and up
Monthly Benefits, as a % of Eligible Compensation	1.426% to 2.418%	1.0% - 2.5%
Required Employee Contribution Rates	7.000%	6.250%
Required Employer Contribution Rates	20.419%	6.250%

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Hire Date	Safety	
	Classic Prior to January 1, 2013	(PEPRA) On or After January 1, 2013
Benefit Formula	2.0% @ 50	2.7% @ 57
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50 and up	50 and up
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.7%	2.0% to 2.7%
Required Employee Contribution Rates	9.000%	11.500%
Required Employer Contribution Rates	37.232%	11.500%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Contributions - Employer	\$ 213,216	\$ 11,739	\$ 296,085	\$ 29,161
Contributions - Employee (Classic paid by employer)	\$ 71,193	\$ 11,577	\$ 77,039	\$ 28,853

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	
Classic	\$ 1,829,466
PEPRA	1,722
Safety	
Classic	2,680,253
PEPRA	<u>581</u>
Total Net Pension Liability	<u>\$ 4,512,022</u>

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Proportion - June 30, 2013	0.02872%	0.00003%	0.03995%	0.00000%
Proportion - June 30, 2014	0.02900%	0.00003%	0.04309%	0.00000%
Change - Increase (Decrease)	0.00028%	-	0.00314%	-

For the year ended June 30, 2015, the City recognized pension expense of \$588,280. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 827,021	\$ -
Difference between actual contributions made by employer and the employer's proportionate share of the risk pool's total contribution	100,482	-
Adjustment due to differences in proportions	44,778	17,467
Net differences between projected and actual earnings on plan investments	<u>-</u>	<u>1,027,608</u>
Total	<u>\$ 972,281</u>	<u>\$ 1,045,075</u>

\$827,021 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30,	
2015	\$ (211,261)
2016	\$ (211,261)
2017	\$ (220,390)
2018	\$ (256,903)

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Cost-Sharing Miscellaneous & Safety Plans</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% net of pension plan investment and administrative expenses; includes inflation
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 201 Experience Study Report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

<u>Net Pension Liability (Asset)</u>	<u>Discount Rate -1% (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>Discount Rate +1% (8.50%)</u>
Miscellaneous - Classic	\$ 2,983,998	\$ 1,829,466	\$ 825,683
Miscellaneous - PEPRA	\$ 2,902	\$ 1,722	\$ 572
Safety - Classic	\$ 4,090,877	\$ 2,680,253	\$ 1,520,224
Safety - PEPRA	\$ 337	\$ 581	\$ 79

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (OPEB)

Description of the Plan

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 integrated with 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 with 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.

Funding Policy

As of June 30, 2013, the most recent actuarial valuation date, the funding status of the plan, was as follows:

Actuarial accrued liability (AAL)	\$	773,732
Actuarial value of assets		<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$	<u>773,732</u>
Funded ratio		0 %
Covered payroll	\$	2,188,873
UAAL as a percentage of covered payroll		35.35 %

Annual OPEB Cost and Net OPEB Obligation

For the year ended June 30, 2015, the City's annual cost for the healthcare plan was \$92,487. The City's annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2015 were as follows:

Annual required contribution		
Service cost at year-end	\$	55,639
30-year amortization of funded liability		<u>40,238</u>
Total annual required contribution		<u>95,877</u>
Interest on net OPEB obligation		13,557
Adjustment to net OPEB obligation		<u>(16,947)</u>
Total annual OPEB cost		<u>92,487</u>
Employer contributions		(15,449)
Net OPEB obligation, July 1, 2014		<u>338,919</u>
Net OPEB obligation, June 30, 2015	\$	<u>415,957</u>

<u>Year Ended</u>	<u>Annual OPEB cost</u>	<u>Actual Employer Contribution</u>	<u>Percentage Contributed</u>	<u>Net Ending OPEB</u>
June 30, 2013	\$ 89,376	\$ 14,244	16 %	\$ 261,014
June 30, 2014	\$ 92,454	\$ 14,549	16 %	\$ 338,919
June 30, 2015	\$ 92,487	\$ 15,449	17 %	\$ 415,957

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial valuations for an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates about the future are formulated. Although the valuation results are based on the values which the City's actuarial consultant believes are reasonable assumptions, the valuation results reflect a long-term perspective and, as such, are merely an estimate of what future costs may actually be. Deviations in any of several factors, such as future interest rates, medical cost inflation, Medicare coverage, and changes in marital status, could result in actual costs being less or greater than estimated.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Because 2009 was the year of implementation of GASB Statement No. 45 and the City elected to apply the statement prospectively, only the most recent actuarial plan data is presented. In future years, required trend data will be presented.

Actuarial Methods and Assumptions

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

The annual required contribution was determined as part of the June 30, 2013 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 5% 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.

NOTE 10: FUND BALANCE

The City of Rio Vista has established the following fund balance policies:

Committed Fund Balance: Only the City Council may have the authority to create or change a fund balance commitment. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally.

Assigned Fund Balance: Intent is expressed by the City Council or the City Manager to which the City Council has delegated authority to assign amounts to be used for specific purposes.

The accounting policies of the City consider restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts, and unassigned amounts.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10: FUND BALANCE (CONTINUED)

As of June 30, 2015, fund balances consisted of the following:

	<u>General Fund</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Total</u>
Nonspendable:				
Prepays and Supplies	\$ 37,745	\$ -	\$ 6,922	\$ 44,667
Advances	<u>974,455</u>	-	<u>2,519,955</u>	<u>3,494,410</u>
Total Nonspendable	<u>1,012,200</u>	-	<u>2,526,877</u>	<u>3,539,077</u>
Restricted:				
Economic Development	-	-	110,116	110,116
Debt Service	-	-	86,252	86,252
Streets and Capital Projects	-	-	786,354	786,354
Community Development	-	-	154,132	154,132
Public Safety	-	-	<u>592,847</u>	<u>592,847</u>
Total Restricted	<u>-</u>	<u>-</u>	<u>1,729,701</u>	<u>1,729,701</u>
Committed:				
Vehicle Replacement	<u>-</u>	<u>-</u>	<u>89,298</u>	<u>89,298</u>
Assigned:				
Storm Drain Projects	-	-	44,887	44,887
Transient Occupancy Tax	12,083	-	-	12,083
Road Way Impact	-	-	486,395	486,395
Municipal Improvement	-	-	1,838,820	1,838,820
Hazardous Waste	-	-	292,468	292,468
Landfill Closure	-	-	335,500	335,500
Parks and Recreation	-	-	<u>689,797</u>	<u>689,797</u>
Total Assigned	<u>12,083</u>	<u>-</u>	<u>3,687,867</u>	<u>3,699,950</u>
Unassigned	<u>1,989,508</u>	<u>(433,536)</u>	<u>(80,478)</u>	<u>1,475,494</u>
Total	<u>\$ 3,013,791</u>	<u>\$ (433,536)</u>	<u>\$ 7,953,265</u>	<u>\$ 10,533,520</u>

NOTE 11: RISK MANAGEMENT

Coverage

The City is a member of the Northern California Cities Self Insurance Fund (NCCSIF) along with twenty other northern California cities. The NCCSIF is a joint powers authority (JPA) organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The NCCSIF provides claims processing, administrative services, risk management services, and actuarial studies. A member from each city governs the NCCSIF. The City Council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. The City does not retain the risk of loss. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The NCCSIF is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA become insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

The NCCSIF establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11: RISK MANAGEMENT (CONTINUED)

The City's insurance coverage for general liability includes claims up to \$40,000,000 and workers' 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.

Financial statements for NCCSIF may be obtained from Alliant Insurances, 2180 Harvard Street, Suite 460, Sacramento, California 95815.

There have been no significant reductions in insurance coverage during the fiscal year. Also, settlements have not exceeded the insurance coverage for the past three fiscal years. The City's equity investment in the NCCSIF of \$177,871 is recorded as an other asset in the General Fund.

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.

NOTE 12: EXCESS EXPENDITURES AND TRANSFERS OVER APPROPRIATIONS

The following funds incurred expenditures and/or transfers in excess of appropriations in the following amounts for the year ended June 30, 2015:

Fund	Final Budget	Actual	Variance
Law Enforcement	\$ 145,800	\$ 165,010	\$ 19,210
Asset Forfeiture	-	2,067	2,067
ATOD Grant	21,300	23,356	2,056
Developers Revolving	-	25,598	25,598
Vehicle Replacement	102,400	276,055	173,655
Hazardous Waste	57,800	59,065	1,265
Firehouse Bonds	30,000	30,047	47

The excess expenditures were covered by available fund balance in the funds.

NOTE 13: DEFICIT FUND BALANCES AND NET POSITION

As of June 30, 2015, the following funds had a fund deficit:

Fund	Deficit
Capital Projects	\$ 433,536
Army Base Reuse	79,977

These deficits were a result of expenditures incurred in advance of receipt of revenue and will be eliminated through future revenues and expenditure reductions.

As of June 30, 2015, the following funds had a deficit unrestricted net position:

Fund	Deficit
Airport	\$ 1,192,590

Deficit unrestricted net position for the enterprise funds will be cured by future grant revenues and expenditure reductions.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 14: CONTINGENCIES AND COMMITMENTS

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.

Grant Awards

The City participates in certain Federal and State assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Construction and Other Commitments

The City has signed agreements for \$2,9226,224 in various construction projects that were not complete as of June 30, 2015. Construction completed and paid subsequent to June 30, 2015 on these projects was \$1,061,854.

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, 2009, 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.

NOTE 15: LANDFILL POST-CLOSURE COSTS

The City accounts for certain costs associated with its landfill in accordance with GASB Statement No. 18, *Landfill Closure and Postclosure Care Cost*. Under Statement No. 18, the City is required to recognize a liability equal to the estimated total current cost of postclosure care for its landfill. Postclosure care of the City's landfill after its closure is mandated by state and federal laws and consists of various maintenance and monitoring functions at the landfill site. 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, 2015, the City has accrued \$737,656 to cover the costs of these functions.

NOTE 16: 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 \$72,703.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 17: PRIOR PERIOD ADJUSTMENT

As a result of implementing GASB Statement Nos. 68 and 71, the City has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2013 by \$4,754,172. The decrease resulted from the following:

<u>Description of Restatement</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Recording of net pension liability	\$ (5,051,032)	\$ (486,886)	\$ (5,537,918)
Application of 2014 contributions	629,167	62,220	691,387
Governmental Fund restatement noted below	<u>92,359</u>	<u>-</u>	<u>92,359</u>
Total Prior Period Adjustment	<u>\$ (4,329,506)</u>	<u>\$ (424,666)</u>	<u>\$ (4,754,172)</u>

In addition, the City made the following prior period adjustments in the fund financial statements:

<u>Fund</u>	<u>Description of Restatement</u>	<u>Amount</u>
<u>Governmental funds</u>		
General Fund	To write-off pass-through permit liability accounts	\$ 118,521
Gas Tax	To set accrual for gas tax revenue	<u>(26,162)</u>
	Total Governmental Fund Balance Restatement	<u>\$ 92,359</u>
<u>Proprietary funds</u>		
Water	Implementation of GASB Nos. 68 and 71	\$ (204,147)
Beach Drive Treatment Facility	Implementation of GASB Nos. 68 and 71	(125,722)
NW Wastewater	Implementation of GASB Nos. 68 and 71	(72,765)
Airport	Implementation of GASB Nos. 68 and 71	(15,564)
Business Park	Implementation of GASB Nos. 68 and 71	<u>(6,468)</u>
	Total Proprietary Fund Net Position Restatement	<u>\$ (424,666)</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIO VISTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	2014 - 2015		Actual Amounts	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final		
<u>REVENUES</u>				
Taxes and assessments	\$ 3,404,600	\$ 2,490,500	\$ 3,881,396	\$ 1,390,896
License, permits, and fees	586,200	602,600	812,961	210,361
Fines and forfeitures	16,600	11,900	11,209	(691)
Use of money and property	132,000	132,100	153,063	20,963
Intergovernmental	8,500	5,000	7,955	2,955
Charges for services	370,300	370,600	444,137	73,537
Other revenues	<u>11,900</u>	<u>11,600</u>	<u>106,549</u>	<u>94,949</u>
Total Revenues	<u>4,530,100</u>	<u>3,624,300</u>	<u>5,417,270</u>	<u>1,792,970</u>
<u>EXPENDITURES</u>				
Current:				
General administration	897,500	897,500	727,973	169,527
Public safety	3,288,600	3,288,600	3,163,474	125,126
Parks and recreation	263,100	263,100	288,445	(25,345)
Development	433,000	433,000	408,641	24,359
Public works	382,200	382,200	375,525	6,675
Capital outlay	-	-	116	(116)
Debt service:				
Principal	-	-	65,501	(65,501)
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>13,262</u>	<u>(13,262)</u>
Total Expenditures	<u>5,264,400</u>	<u>5,264,400</u>	<u>5,042,937</u>	<u>234,725</u>
Excess (deficiency) of revenues over expenditures	<u>(734,300)</u>	<u>(1,640,100)</u>	<u>374,333</u>	<u>1,558,245</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>-</u>	<u>147,500</u>	<u>122,082</u>	<u>(25,418)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>147,500</u>	<u>122,082</u>	<u>(25,418)</u>
Net change in fund balance	<u>\$ (734,300)</u>	<u>\$ (1,492,600)</u>	<u>496,415</u>	<u>\$ 1,532,827</u>
Fund balance - July 1, 2014			2,398,855	
Prior period restatement			<u>118,521</u>	
Fund balance - July 1, 2014, restated			<u>2,517,376</u>	
Fund balance - June 30, 2015			<u>\$ 3,013,791</u>	

**CITY OF RIO VISTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

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.

**CITY OF RIO VISTA
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Prepared for the City's Miscellaneous and Safety Plans, Cost Sharing Defined Benefit Pension Plans
As of June 30, 2015
Last 10 Years ***

	2015			
	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Proportion of the net pension liability	0.02900 %	0.00003 %	0.04309 %	- %
Proportionate share of the net pension liability	\$ 1,829,466	\$ 1,722	\$ 2,680,253	\$ 581
Covered - employee payroll	\$ 965,549	\$ 105,109	\$ 807,818	\$ 158,526
Proportionate share of the net pension liability as a percentage of covered - employee payroll	189.47 %	1.64 %	331.79 %	0.37 %
Plan's fiduciary net position	7,086,199	7,968	7,840,406	859
Plan fiduciary net position as a percentage of the total pension liability	79.70 %	83.03 %	74.52 %	81.42 %

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**CITY OF RIO VISTA
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS
Prepared for the City's Miscellaneous and Cost Sharing Plans,
Cost Sharing Defined Benefit Pension Plans
As of June 30, 2015
Last 10 Years ***

	2015			
	Miscellaneous		Safety	
	Classic	PEPRA	Classic	PEPRA
Contractually required contribution (actuarially determined)	\$ 213,253	\$ 11,741	\$ 296,129	\$ 29,167
Contributions in relation to the actuarially determined contributions	<u>213,216</u>	<u>11,739</u>	<u>296,085</u>	<u>29,161</u>
Contribution deficiency (excess)	<u>\$ 37</u>	<u>\$ 2</u>	<u>\$ 44</u>	<u>\$ 6</u>
Covered - employee payroll	965,549	105,109	807,818	158,526
Contributions as a percentage of covered - employee payroll	22.08 %	11.17 %	36.65 %	18.40 %

Notes to Schedule:

Valuation Date: June 30, 2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level of percentage payroll
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, includes inflation
Post retirement benefit increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies; 2.75% thereafter
Mortality rate table	Derived using CalPERS' membership data for all funds

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**CITY OF RIO VISTA
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

<u>Actuarial Valuation Date</u>	<u>Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Liability (Excess Assets)</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
June 30, 2010	\$ 548,759	\$ -	\$ 548,759	0%	\$ 2,045,769	27 %
June 30, 2013	\$ 773,732	\$ -	\$ 773,732	0%	\$ 2,188,873	35 %

COMBINING FINANCIAL SCHEDULES AND OTHER SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

The following funds are reported in total on the Governmental Fund Financial Statements under the column Other Governmental Funds.

SPECIAL REVENUE FUNDS

Law Enforcement

This fund was created to account for the revenues and expenditures associated with the funding of one Police Officer and one Community Services Officer. The revenue from the grant and the actual expenditures incurred are tracked in the fund.

Asset Forfeiture

Under authority of CA Health and Safety Code Section 11489, this fund accounts for funds turned over to the City by the courts for money and property seized because of drug arrests. These funds are also used to assist in drug sting operations to arrest drug dealers.

ATOD Grant

Alcohol, tobacco, and other drugs (ATOD) is a program offered by the City and County of Solano to provide educational programs to both the youth and adults within the community. The City is responsible for providing the agreed upon programs and completing the reporting requirements to the County on the progress of the program in achieving the program goals.

Gas Tax

This fund accounts for the revenues and expenditures associated with the maintenance and improvements of the City's roads and street landscaping that is funded through the receipt of the City's share of the gas tax.

CDBG Housing Rehabilitation

This fund is used to provide and meet the capital needs of businesses located throughout the City. The intent of the program is to provide appropriate assistance to businesses with the potential to increase the overall economic base of the City. In addition, this fund accounts for loans to residents for housing rehabilitation. The loans were offered as second mortgages and were to be paid off upon sale or transfer of the home.

Streets Projects

This fund is used to account for the American Recovery and Reinvestment Act (ARRA) stimulus funds for local streets and roads improvement projects.

Personnel Services District

This fund is used to account for the services portion of CFD 2006-1 which will be used to fund public safety.

Developers Revolving

This fund is used to hold advance deposits and reimbursements received from the developers and to draw down from those funds as the City pays expenditures on behalf of the developers. Prior to approval of their tentative maps, the City receives an administrative fee for providing this management service to developers.

FEMA SAFER Grant

This fund is used to account for the salary and benefits of the new staff at the fire department that was funded by the SAFER grant.

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

Vehicle Replacement

This fund was created to account for the vehicle fees received from the State of California for the use of the City's fire vehicles when responding to service calls from the Office of Emergency Services Strike Team. The City acts as a pass-through agent receiving wage revenue from the State and paying the revenue out to the Strike team members.

Storm Drain

This fund is used to collect a fee from each water customer and is set aside to pay for future maintenance, repair, or replacement of the City's storm drain system. The fee is collected in the monthly utility billings.

Roadway Impact

This fund is used to collect fees paid by developers of construction projects to be used to offset the impact of development on the City's local streets. The fee is collected as part of the building permit process and is accumulated in this fund for use as needed for capital roadway projects.

Municipal Improvements

This fund is used to collect fees paid by developers of construction projects to be used to help fund future capital municipal improvements needed as a result of current development.

Hazardous Waste

This fund is used to account for revenues and expenditures incurred from offering hazardous waste disposal programs. The City collects revenues through customer's sanitation bills to provide for special collections events such as the HHW event to collect household hazardous waste.

Landfill Closure

The City collects a franchise fee from the local sanitation agency. This fee is set aside in this fund to help offset the current and future cost of maintaining the landfill. In addition, the City is required to hold in reserve an amount sufficient to cover any costs due to contamination of the ground water in and around the landfill.

Army Base Reuse

The City is currently working with the Department of Water Resources to finance and construct a field operation laboratory/science center on the former Army base site. The \$20 million plus project is currently planned as a reuse of 12 to 14 acres of the former 28-acre army base at the south end of the City.

Parks and Recreation

This fund is used to collect fees paid by developers of construction of projects to be used to help fund future capital park and recreation facilities. This fee, collected through the building permit process, ensures that the City's facilities will stay proportionate to their population.

DEBT SERVICE FUNDS

Firehouse Bonds

This fund services the 1977 Firehouse General Obligation Bonds. Property taxes are received and used to make the bond's semi-annual interest and principal payments.

CITY OF RIO VISTA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

Special Revenue Funds					
	<u>Law Enforcement</u>	<u>Asset Forfeiture</u>	<u>ATOD Grant</u>	<u>Gas Tax</u>	<u>CDBG Housing Rehabilitation</u>
ASSETS					
Cash and investments	\$ 71,028	\$ 9,040	\$ -	\$ 789,370	\$ 136,559
Restricted cash and investments	-	11,787	-	-	-
Accounts receivable	39,601	-	24,939	-	-
Interest receivable	-	2	-	23	13
Prepaid items	-	-	-	1,042	-
Notes receivable	-	-	-	-	117,560
Advances to other funds	-	-	-	-	-
Total Assets	<u>\$ 110,629</u>	<u>\$ 20,829</u>	<u>\$ 24,939</u>	<u>\$ 790,435</u>	<u>\$ 254,132</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ 2,563	\$ -	\$ 1,322	\$ 1,714	\$ -
Accrued payroll and benefits	2,637	-	286	1,702	-
Unearned revenues	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	7,958	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>5,200</u>	<u>-</u>	<u>9,566</u>	<u>3,416</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow of resources	14,549	-	4,324	-	100,000
FUND BALANCES (DEFICITS):					
Nonspendable	-	-	-	1,042	-
Restricted	90,880	20,829	11,049	785,977	154,132
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	<u>90,880</u>	<u>20,829</u>	<u>11,049</u>	<u>787,019</u>	<u>154,132</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 110,629</u>	<u>\$ 20,829</u>	<u>\$ 24,939</u>	<u>\$ 790,435</u>	<u>\$ 254,132</u>

CITY OF RIO VISTA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

	Special Revenue Funds			
	<u>Street Projects</u>	<u>Personnel Services District</u>	<u>Developers Revolving</u>	<u>FEMA Safer Grant</u>
<u>ASSETS</u>				
Cash and investments	\$ 11,498	\$ 493,437	\$ 99,558	\$ -
Restricted cash and investments	-	-	-	-
Accounts receivable	-	50	41,192	81,242
Interest receivable	-	3	-	-
Prepaid items	-	379	-	-
Notes receivable	-	-	-	-
Advances to other funds	-	-	-	-
Total Assets	<u>\$ 11,498</u>	<u>\$ 493,869</u>	<u>\$ 140,750</u>	<u>\$ 81,242</u>
<u>LIABILITIES:</u>				
Accounts payable and accrued expenses	\$ -	\$ 20,233	\$ 30,634	\$ 2,252
Accrued payroll and benefits	-	3,168	-	8,215
Unearned revenues	11,121	-	-	-
Deposits payable	-	-	-	-
Due to other funds	-	-	-	70,775
Advances from other funds	-	-	-	-
Total Liabilities	<u>11,121</u>	<u>23,401</u>	<u>30,634</u>	<u>81,242</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred inflow of resources	-	-	-	-
<u>FUND BALANCES (DEFICITS):</u>				
Nonspendable	-	379	-	-
Restricted	377	470,089	110,116	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances (Deficits)	<u>377</u>	<u>470,468</u>	<u>110,116</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 11,498</u>	<u>\$ 493,869</u>	<u>\$ 140,750</u>	<u>\$ 81,242</u>

CITY OF RIO VISTA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

	Capital Projects				
	Vehicle Replacement	Storm Drain	Roadway Impact	Municipal Improvements	Hazardous Waste
ASSETS					
Cash and investments	\$ 154,719	\$ 42,465	\$ 547,755	\$ 1,839,594	\$ 271,362
Restricted cash and investments	-	-	-	-	-
Accounts receivable	-	4,804	-	-	21,340
Interest receivable	5	13	70	195	5
Prepaid items	-	5,000	-	-	-
Notes receivable	-	-	-	-	-
Advances to other funds	-	-	-	2,419,955	-
Total Assets	\$ 154,724	\$ 52,282	\$ 547,825	\$ 4,259,744	\$ 292,707
LIABILITIES:					
Accounts payable and accrued expenses	\$ 3,136	\$ 2,288	\$ 61,430	\$ 969	\$ 31
Accrued payroll and benefits	-	107	-	-	208
Unearned revenues	62,290	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	65,426	2,395	61,430	969	239
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow of resources	-	-	-	-	-
FUND BALANCES (DEFICITS):					
Nonspendable	-	5,000	-	2,419,955	-
Restricted	-	-	-	-	-
Committed	89,298	-	-	-	-
Assigned	-	44,887	486,395	1,838,820	292,468
Unassigned	-	-	-	-	-
Total Fund Balances (Deficits)	89,298	49,887	486,395	4,258,775	292,468
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 154,724	\$ 52,282	\$ 547,825	\$ 4,259,744	\$ 292,707

CITY OF RIO VISTA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2015

	Capital Project Funds			Debt Service	Total Non-major Governmental Funds
	<u>Landfill Closure</u>	<u>Army Base Reuse</u>	<u>Parks and Recreation</u>	<u>Firehouse Bonds</u>	
ASSETS					
Cash and investments	\$ 292,768	\$ 85,215	\$ 692,346	\$ 86,247	\$ 5,622,961
Restricted cash and investments	-	-	-	-	11,787
Accounts receivable	47,332	10,593	-	-	271,093
Interest receivable	27	-	50	5	411
Prepaid items	-	501	-	-	6,922
Notes receivable	-	-	-	-	117,560
Advances to other funds	-	-	100,000	-	2,519,955
Total Assets	<u>\$ 340,127</u>	<u>\$ 96,309</u>	<u>\$ 792,396</u>	<u>\$ 86,252</u>	<u>\$ 8,550,689</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ 4,473	\$ 35	\$ 2,599	\$ -	\$ 133,679
Accrued payroll and benefits	154	452	-	-	16,929
Unearned revenues	-	-	-	-	73,411
Deposits payable	-	3,000	-	-	3,000
Due to other funds	-	-	-	-	78,733
Advances from other funds	-	172,799	-	-	172,799
Total Liabilities	<u>4,627</u>	<u>176,286</u>	<u>2,599</u>	<u>-</u>	<u>478,551</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow of resources	-	-	-	-	118,873
FUND BALANCES (DEFICITS):					
Nonspendable	-	501	100,000	-	2,526,877
Restricted	-	-	-	86,252	1,729,701
Committed	-	-	-	-	89,298
Assigned	335,500	-	689,797	-	3,687,867
Unassigned	-	(80,478)	-	-	(80,478)
Total Fund Balances (Deficits)	<u>335,500</u>	<u>(79,977)</u>	<u>789,797</u>	<u>86,252</u>	<u>7,953,265</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 340,127</u>	<u>\$ 96,309</u>	<u>\$ 792,396</u>	<u>\$ 86,252</u>	<u>\$ 8,550,689</u>

CITY OF RIO VISTA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds				
	Law Enforcement	Asset Forfeiture	ATOD Grant	Gas Tax	CDBG Housing Rehabilitation
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 241,889	\$ -
Licenses, permits, and fees	-	-	-	-	-
Fines and forfeitures	-	2,414	-	-	-
Use of money and property	326	65	12	2,546	1,679
Intergovernmental	114,618	-	31,017	-	-
Other revenue	-	-	-	-	-
Total Revenues	<u>114,944</u>	<u>2,479</u>	<u>31,029</u>	<u>244,435</u>	<u>1,679</u>
EXPENDITURES					
Current:					
Public safety	165,010	2,067	-	-	-
Parks and recreation	-	-	23,356	-	-
Development	-	-	-	-	-
Public works	-	-	-	144,573	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	2,423	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>165,010</u>	<u>2,067</u>	<u>23,356</u>	<u>146,996</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(50,066)</u>	<u>412</u>	<u>7,673</u>	<u>97,439</u>	<u>1,679</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(60,640)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(60,640)</u>	<u>-</u>
Net change in fund balances	(50,066)	412	7,673	36,799	1,679
Fund balances (deficits) - July 1, 2014	140,946	20,417	3,376	776,382	152,453
Prior period adjustment (Note 17)	-	-	-	(26,162)	-
Fund balances (deficits) - July 1, 2014, restated	<u>140,946</u>	<u>20,417</u>	<u>3,376</u>	<u>750,220</u>	<u>152,453</u>
Fund balances (deficits) - June 30, 2015	<u>\$ 90,880</u>	<u>\$ 20,829</u>	<u>\$ 11,049</u>	<u>\$ 787,019</u>	<u>\$ 154,132</u>

CITY OF RIO VISTA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	<u>Street Projects</u>	<u>Personnel Services District</u>	<u>Developers Revolving</u>	<u>FEMA Safer Grant</u>
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ 254,603	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	42	1,497	348	-
Intergovernmental	-	-	-	247,400
Other revenue	-	-	-	-
Total Revenues	<u>42</u>	<u>256,100</u>	<u>348</u>	<u>247,400</u>
<u>EXPENDITURES</u>				
Current:				
Public safety	-	128,125	-	247,400
Parks and recreation	-	-	-	-
Development	-	-	25,598	-
Public works	-	-	-	-
Capital outlay	-	73,997	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>-</u>	<u>202,122</u>	<u>25,598</u>	<u>247,400</u>
Excess (Deficiency) of Revenues over Expenditures	<u>42</u>	<u>53,978</u>	<u>(25,250)</u>	<u>-</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Proceeds from long-term debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(35,000)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(35,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	42	18,978	(25,250)	-
Fund balances (deficits) - July 1, 2014	335	451,490	135,366	-
Prior period adjustment (Note 17)	-	-	-	-
Fund balances (deficits) - July 1, 2014, restated	<u>335</u>	<u>451,490</u>	<u>135,366</u>	<u>-</u>
Fund balances (deficits) - June 30, 2015	<u>\$ 377</u>	<u>\$ 470,468</u>	<u>\$ 110,116</u>	<u>\$ -</u>

CITY OF RIO VISTA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	Capital Projects				
	<u>Vehicle Replacement</u>	<u>Storm Drain</u>	<u>Roadway Impact</u>	<u>Municipal Improvements</u>	<u>Hazardous Waste</u>
<u>REVENUES</u>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	24,306	22,070	453,698	83,956
Fines and forfeitures	-	-	-	-	-
Use of money and property	399	239	1,711	5,254	912
Intergovernmental	40,000	-	-	-	-
Other revenue	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>65,399</u>	<u>24,545</u>	<u>23,781</u>	<u>458,952</u>	<u>84,868</u>
<u>EXPENDITURES</u>					
Current:					
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Development	-	-	-	-	-
Public works	-	59,705	63,191	4,198	59,065
Capital outlay	198,423	17,736	-	30,400	-
Debt service:					
Principal	32,096	-	-	-	-
Interest and fiscal charges	<u>5,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>236,055</u>	<u>77,441</u>	<u>63,191</u>	<u>34,598</u>	<u>59,065</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(170,656)</u>	<u>(52,896)</u>	<u>(39,410)</u>	<u>424,354</u>	<u>25,803</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds from long-term debt	137,500	-	-	-	-
Transfers in	60,000	10,000	-	-	-
Transfers out	<u>(40,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>157,500</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(13,156)	(42,896)	(39,410)	424,354	25,803
Fund balances (deficits) - July 1, 2014	102,454	92,783	525,805	3,834,421	266,665
Prior period adjustment (Note 17)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - July 1, 2014, restated	<u>102,454</u>	<u>92,783</u>	<u>525,805</u>	<u>3,834,421</u>	<u>266,665</u>
Fund balances (deficits) - June 30, 2015	<u>\$ 89,298</u>	<u>\$ 49,887</u>	<u>\$ 486,395</u>	<u>\$ 4,258,775</u>	<u>\$ 292,468</u>

CITY OF RIO VISTA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	Capital Project Funds			Debt Service	Total Non-major Governmental Funds
	Landfill Closure	Army Base Reuse	Parks and Recreation	Firehouse Bonds	
<u>REVENUES</u>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 35,044	\$ 531,536
Licenses, permits, and fees	186,655	-	145,469	-	916,154
Fines and forfeitures	-	-	-	-	2,414
Use of money and property	1,579	6,541	2,205	225	25,580
Intergovernmental	-	-	-	-	433,035
Other revenue	-	26,135	-	-	51,135
Total Revenues	188,234	32,676	147,674	35,269	1,959,854
<u>EXPENDITURES</u>					
Current:					
Public safety	-	-	-	-	542,602
Parks and recreation	-	-	-	-	23,356
Development	-	27,275	-	-	52,873
Public works	43,388	-	6,033	-	380,153
Capital outlay	-	-	25,940	-	346,496
Debt service:					
Principal	-	-	-	24,000	58,519
Interest and fiscal charges	-	-	-	6,047	11,583
Total Expenditures	43,388	27,275	31,973	30,047	1,415,582
Excess (Deficiency) of Revenues over Expenditures	144,846	5,401	115,701	5,222	544,272
<u>OTHER FINANCING SOURCES (USES)</u>					
Proceeds from long-term debt	-	-	-	-	137,500
Transfers in	-	-	-	-	70,000
Transfers out	(120,000)	-	(30,640)	-	(286,280)
Total Other Financing Sources (Uses)	(120,000)	-	(30,640)	-	(78,780)
Net change in fund balances	24,846	5,401	85,061	5,222	465,492
Fund balances (deficits) - July 1, 2014	310,654	(85,378)	704,736	81,030	7,513,935
Prior period adjustment (Note 17)	-	-	-	-	(26,162)
Fund balances (deficits) - July 1, 2014, restated	310,654	(85,378)	704,736	81,030	7,487,773
Fund balances (deficits) - June 30, 2015	\$ 335,500	\$ (79,977)	\$ 789,797	\$ 86,252	\$ 7,953,265

NON-MAJOR PROPRIETARY FUNDS

The following funds are reported in total on the Proprietary Fund Financial Statements under the column Other Enterprise Funds.

Transit

This fund is used to account for transportation services provided to the City through Rio Vista Delta Breeze, a program of the City that provides deviated fixed route bus service on three routes serving Rio Vista, Isleton, Antioch, Pittsburgh/Bay Point BART Station, Suisun City, and Fairfield, with connections to Lodi.

Water Construction

This fund is used to collect impact fees paid by developers to fund future expansion of, and improvements to, the City's water facilities.

Water Capital Assets

This fund was created to begin building reserves for the replacement and addition of capital assets in the water system.

Sewer Construction

This fund is used to collect impact fees paid by developers to fund future expansion of, and improvements to, the City's wastewater treatment facilities.

Sewer Capital Assets

This fund was created to begin building reserves for the replacement and addition of capital assets for the sewer system.

Business Park

This fund is used to allocate staff time and available resources from leases and sale of lands in the Business Park to finance public improvements, create development-ready land parcels, and provide incentives for development of businesses on City-owned land.

CITY OF RIO VISTA
NON-MAJOR PROPRIETARY FUNDS
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2015

	<u>Transit</u>	<u>Water Construction</u>	<u>Water Capital Assets</u>	<u>Sewer Construction</u>	<u>Sewer Capital Assets</u>	<u>Business Park</u>	<u>Totals</u>
ASSETS							
Current Assets:							
Cash and investments	\$ 512,532	\$ 500,765	\$ 154,062	\$ -	\$ 167,114	\$ 678,196	\$ 2,012,669
Accounts receivable	71,916	-	-	-	-	6,583	78,499
Interest receivable	25	71	20	-	21	7	144
Total Current Assets	<u>584,473</u>	<u>500,836</u>	<u>154,082</u>	<u>-</u>	<u>167,135</u>	<u>684,786</u>	<u>2,091,312</u>
Non Current Assets:							
Due from other governments	-	110,314	-	-	-	-	110,314
Capital assets:							
Land and construction in progress	-	-	-	-	-	21,795	21,795
Depreciable assets, net	175,439	-	-	-	-	436,354	611,793
Total Non Current Assets	<u>175,439</u>	<u>110,314</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>458,149</u>	<u>743,902</u>
Total Assets	<u>759,912</u>	<u>611,150</u>	<u>154,082</u>	<u>-</u>	<u>167,135</u>	<u>1,142,935</u>	<u>2,835,214</u>
DEFERRED OUTFLOWS OF RESOURCES							
2015 Pension contributions	-	-	-	-	-	1,147	1,147
Changes in net pension liability	-	-	-	-	-	221	221
Total Deferred Outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,368</u>	<u>1,368</u>
LIABILITIES							
Current liabilities:							
Accounts payable	49,337	-	-	-	-	341	49,678
Accrued salary and benefits	1,420	-	-	-	-	603	2,023
Deposit payable	-	-	-	-	-	10,829	10,829
Unearned revenue	2,767	-	-	-	-	-	2,767
Compensated absences - current	7	-	-	-	-	362	369
Total Current Liabilities	<u>53,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,135</u>	<u>65,666</u>
Non Current Liabilities:							
Compensated absences - noncurrent	20	-	-	-	-	1,051	1,071
Net pension liability	-	-	-	-	-	5,860	5,860
Total Non Current Liabilities	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,911</u>	<u>6,931</u>
Total Liabilities	<u>53,551</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,046</u>	<u>72,597</u>
DEFERRED INFLOWS OF RESOURCES							
Changes in net pension liability	-	-	-	-	-	1,564	1,564
NET POSITION							
Net investment in capital assets	175,439	-	-	-	-	458,149	633,588
Unrestricted	530,922	611,150	154,082	-	167,135	665,544	2,128,833
Total Net Position	<u>\$ 706,361</u>	<u>\$ 611,150</u>	<u>\$ 154,082</u>	<u>\$ -</u>	<u>\$ 167,135</u>	<u>\$ 1,123,693</u>	<u>\$ 2,762,421</u>

CITY OF RIO VISTA
NON-MAJOR PROPRIETARY FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Transit</u>	<u>Water Construction</u>	<u>Water Capital Assets</u>	<u>Sewer Construction</u>	<u>Sewer Capital Assets</u>	<u>Business Park</u>	<u>Totals</u>
<u>OPERATING REVENUES</u>							
Charges for services	\$ 29,515	\$ -	\$ -	\$ -	\$ -	\$ 2,562	\$ 32,077
Rents	-	-	-	-	-	94,944	94,944
Grant revenues	467,455	-	-	-	-	-	467,455
Other revenues	<u>15,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>825</u>	<u>16,758</u>
Total Operating Revenues	<u>512,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,331</u>	<u>611,234</u>
<u>OPERATING EXPENSES</u>							
Salaries & benefits	21,427	-	-	-	-	20,096	41,523
Contract services	264,540	-	-	-	-	5,866	270,406
Supplies & materials	67,924	-	-	-	-	7,818	75,742
Utilities	-	-	-	-	-	2,124	2,124
Maintenance & repair	21,888	-	-	-	-	-	21,888
Professional services	64,444	-	-	-	-	1,495	65,939
Miscellaneous	50	6,317	-	-	-	1,014	7,381
Depreciation	<u>55,971</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,616</u>	<u>69,587</u>
Total Operating Expenses	<u>496,244</u>	<u>6,317</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,029</u>	<u>554,590</u>
OPERATING INCOME (LOSS)	<u>16,659</u>	<u>(6,317)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,302</u>	<u>56,644</u>
<u>NON OPERATING REVENUES (EXPENSES)</u>							
Interest revenue	922	1,458	490	1	531	2,127	5,529
Capital grants	<u>23,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,596</u>
Total Non Operating Revenue	<u>24,518</u>	<u>1,458</u>	<u>490</u>	<u>1</u>	<u>531</u>	<u>2,127</u>	<u>29,125</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>41,177</u>	<u>(4,859)</u>	<u>490</u>	<u>1</u>	<u>531</u>	<u>48,429</u>	<u>85,769</u>
<u>TRANSFERS</u>							
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,082)</u>	<u>-</u>	<u>-</u>	<u>(2,082)</u>
Change in net position	<u>41,177</u>	<u>(4,859)</u>	<u>490</u>	<u>(2,081)</u>	<u>531</u>	<u>48,429</u>	<u>83,687</u>
Net position - July 1, 2014	665,184	616,009	153,592	2,081	166,604	1,081,732	2,685,202
Prior Period Restatement	-	-	-	-	-	(6,468)	(6,468)
Net position - July 1, 2014, Restated	<u>665,184</u>	<u>616,009</u>	<u>153,592</u>	<u>2,081</u>	<u>166,604</u>	<u>1,075,264</u>	<u>2,678,734</u>
Net position - June 30, 2015	<u>\$ 706,361</u>	<u>\$ 611,150</u>	<u>\$ 154,082</u>	<u>\$ -</u>	<u>\$ 167,135</u>	<u>\$ 1,123,693</u>	<u>\$ 2,762,421</u>

CITY OF RIO VISTA
STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Transit</u>	<u>Water Construction</u>	<u>Water Capital Assets</u>	<u>Sewer Construction</u>	<u>Sewer Capital Assets</u>	<u>Business Park</u>	<u>Totals</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>							
Cash received from customers	\$ 653,467	\$ -	\$ -	\$ -	\$ -	\$ 101,778	\$ 755,245
Cash paid to suppliers	(407,297)	(6,317)	-	-	-	(18,285)	(431,899)
Cash paid to employees	(20,021)	-	-	-	-	(19,869)	(39,890)
Net cash provided by (used for) operating activities	<u>226,149</u>	<u>(6,317)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,624</u>	<u>283,456</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>							
Due to (from) other funds	<u>-</u>	<u>(11,079)</u>	<u>-</u>	<u>(131,088)</u>	<u>-</u>	<u>-</u>	<u>(142,167)</u>
<u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</u>							
Capital contributions	<u>23,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,596</u>
Net cash provided by noncapital financing activities	<u>23,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,596</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>							
Interest and dividends	<u>970</u>	<u>1,599</u>	<u>527</u>	<u>1</u>	<u>572</u>	<u>2,142</u>	<u>5,811</u>
Net cash provided by investing activities	<u>970</u>	<u>1,599</u>	<u>527</u>	<u>1</u>	<u>572</u>	<u>2,142</u>	<u>5,811</u>
Net increase (decrease) in cash and cash equivalents	<u>250,715</u>	<u>(15,797)</u>	<u>527</u>	<u>(131,087)</u>	<u>572</u>	<u>65,766</u>	<u>170,696</u>
Cash and Cash Equivalents - July 1, 2014	<u>261,817</u>	<u>516,562</u>	<u>153,535</u>	<u>131,087</u>	<u>166,542</u>	<u>612,430</u>	<u>1,841,973</u>
Cash and Cash Equivalents - June 30, 2015	<u>\$ 512,532</u>	<u>\$ 500,765</u>	<u>\$ 154,062</u>	<u>\$ -</u>	<u>\$ 167,114</u>	<u>\$ 678,196</u>	<u>\$ 2,012,669</u>

CITY OF RIO VISTA
STATEMENT OF CASH FLOWS (continued)
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Transit</u>	<u>Water Construction</u>	<u>Water Capital Assets</u>	<u>Sewer Construction</u>	<u>Sewer Capital Assets</u>	<u>Business Park</u>	<u>Totals</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY USED FOR) OPERATING ACTIVITIES:</u>							
Operating income (loss)	\$ 16,659	\$ (6,317)	\$ -	\$ -	\$ -	\$ 46,302	\$ 56,644
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:							
Depreciation	55,971	-	-	-	-	13,616	69,587
Pension expense	-	-	-	-	-	(412)	(412)
Changes in assets and liabilities:							
Decrease in accounts receivable	137,797	-	-	-	-	190	137,987
Increase in unearned revenue	2,767	-	-	-	-	-	2,767
Increase in accounts payable	11,549	-	-	-	-	32	11,581
Increase in deposits payable	-	-	-	-	-	3,257	3,257
Increase in accrued wages	1,410	-	-	-	-	101	1,511
(Decrease) Increase in compensated absences	(4)	-	-	-	-	538	534
Total adjustments	<u>209,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,322</u>	<u>17,322</u>
Net Cash Provided by Operating Activities	<u>\$ 226,149</u>	<u>\$ (6,317)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,624</u>	<u>\$ 283,456</u>

AGENCY FUNDS

Agency funds are fiduciary funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The specific agency funds used by the City are shown below:

Riverview Point

This fund collects assessments from homeowners for improvements within the assessment district, pays all administrative costs associated with the bond issue, and makes the bond principal and interest payments on a semi-annual basis.

Summerset

This fund collects assessments from homeowners for improvements within the assessment district, pays all administrative costs associated with the bond issue, and makes the bond principal and interest payments on a semi-annual basis.

Summerset L&L District

This fund collects assessments levied to provide funding for the maintenance of certain common areas within the Summerset district. Currently, the fund pays for landscape maintenance at the front entrance to the development, the water feature, street light repairs and electric bills, landscaping and weed abatement along highway 12.

Community Facilities District 2004-1

This fund and district were created by vote of current property owners in the 2004-05 fiscal year to issue and repay special tax bonds to help fund the construction of a new wastewater treatment facility. Assessments will be placed on the tax rolls of the property owners each year to cover the bond principal and interest charges and related administrative expenses.

Community Facilities District 2006-1

Formed by a vote of the current property owners in July 2006, this District serves to fund a portion of the construction costs of the Northwest Wastewater Treatment Plant. Annual assessments will be placed on the tax rolls of the property owners to cover the bond principal and interest as well as related administrative expenses. Additionally, the residential units in this District will pay an annual assessment to contribute to funding for public safety services.

CITY OF RIO VISTA
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2015

	<u>Riverview Point</u>	<u>Summerset</u>	<u>Summerset L&L District</u>	<u>Community Facilities District 2004-1</u>	<u>Community Facilities District 2006-1</u>	<u>Totals</u>
<u>ASSETS</u>						
Cash and investments	\$ 275,666	\$ 170,956	\$ 12,867	\$ 630,317	\$ 1,025,478	\$ 2,115,284
Restricted cash	-	-	-	1,117,600	1,016,257	2,133,857
Accounts receivable	-	-	1,213	-	-	1,213
Interest receivable	<u>11</u>	<u>21</u>	<u>-</u>	<u>15</u>	<u>35</u>	<u>82</u>
Total Assets	<u>\$ 275,677</u>	<u>\$ 170,977</u>	<u>\$ 14,080</u>	<u>\$ 1,747,932</u>	<u>\$ 2,041,770</u>	<u>\$ 4,250,436</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 139	\$ -	\$ 14,074	\$ 25,116	\$ 25,079	\$ 64,408
Agency obligations	<u>275,538</u>	<u>170,977</u>	<u>6</u>	<u>1,722,816</u>	<u>2,016,691</u>	<u>4,186,028</u>
Total Liabilities	<u>\$ 275,677</u>	<u>\$ 170,977</u>	<u>\$ 14,080</u>	<u>\$ 1,747,932</u>	<u>\$ 2,041,770</u>	<u>\$ 4,250,436</u>

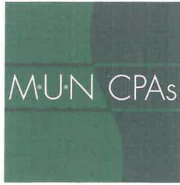
CITY OF RIO VISTA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Riverview Point</u>				
ASSETS				
Cash and investments	\$ 275,619	\$ 515,763	\$ 515,716	\$ 275,666
Interest receivable	<u>30</u>	<u>12</u>	<u>31</u>	<u>11</u>
Total Assets	<u>\$ 275,649</u>	<u>\$ 515,775</u>	<u>\$ 515,747</u>	<u>\$ 275,677</u>
LIABILITIES				
Accounts payable	\$ 70	\$ 167,618	\$ 167,549	\$ 139
Agency obligations	<u>275,579</u>	<u>193,267</u>	<u>193,308</u>	<u>275,538</u>
Total Liabilities	<u>\$ 275,649</u>	<u>\$ 360,885</u>	<u>\$ 360,857</u>	<u>\$ 275,677</u>
<u>Summerset</u>				
ASSETS				
Cash and investments	\$ 170,403	\$ 159,993	\$ 159,440	\$ 170,956
Interest receivable	<u>57</u>	<u>21</u>	<u>57</u>	<u>21</u>
Total Assets	<u>\$ 170,460</u>	<u>\$ 160,014</u>	<u>\$ 159,497</u>	<u>\$ 170,977</u>
LIABILITIES				
Agency obligations	<u>\$ 170,460</u>	<u>\$ 574</u>	<u>\$ 57</u>	<u>\$ 170,977</u>
Total Liabilities	<u>\$ 170,460</u>	<u>\$ 574</u>	<u>\$ 57</u>	<u>\$ 170,977</u>
<u>Summerset L&L District</u>				
ASSETS				
Cash and investments	\$ 103,686	\$ 918,149	\$ 1,008,968	\$ 12,867
Accounts Receivable	-	1,213	-	1,213
Interest Receivable	<u>76</u>	<u>-</u>	<u>76</u>	<u>-</u>
Total Assets	<u>\$ 103,762</u>	<u>\$ 919,362</u>	<u>\$ 1,009,044</u>	<u>\$ 14,080</u>
LIABILITIES				
Accounts payable	\$ 20,491	\$ 228,373	\$ 234,790	\$ 14,074
Agency obligations	<u>83,271</u>	<u>296,599</u>	<u>379,864</u>	<u>6</u>
Total Liabilities	<u>\$ 103,762</u>	<u>\$ 524,972</u>	<u>\$ 614,654</u>	<u>\$ 14,080</u>
<u>Community Facilities District 2004-1</u>				
ASSETS				
Cash and investments	\$ 621,532	\$ 3,843,356	\$ 3,834,571	\$ 630,317
Restricted cash and investments	1,117,577	186	163	1,117,600
Interest receivable	<u>45</u>	<u>15</u>	<u>45</u>	<u>15</u>
Total Assets	<u>\$ 1,739,154</u>	<u>\$ 3,843,557</u>	<u>\$ 3,834,779</u>	<u>\$ 1,747,932</u>
LIABILITIES				
Accounts payable	\$ 70	\$ 51,081	\$ 26,035	\$ 25,116
Agency obligations	<u>1,739,084</u>	<u>1,151,170</u>	<u>1,167,438</u>	<u>1,722,816</u>
Total Liabilities	<u>\$ 1,739,154</u>	<u>\$ 1,202,251</u>	<u>\$ 1,193,473</u>	<u>\$ 1,747,932</u>

CITY OF RIO VISTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (continued)
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Community Facilities District 2006-1</u>				
ASSETS				
Cash and investments	\$ 1,021,483	\$ 3,668,236	\$ 3,664,241	\$ 1,025,478
Restricted cash and investments	1,016,236	169	148	1,016,257
Interest receivable	<u>103</u>	<u>35</u>	<u>103</u>	<u>35</u>
Total Assets	<u>\$ 2,037,822</u>	<u>\$ 3,668,440</u>	<u>\$ 3,664,492</u>	<u>\$ 2,041,770</u>
LIABILITIES				
Accounts payable	\$ 70	\$ 49,493	\$ 24,484	\$ 25,079
Agency obligations	<u>2,037,752</u>	<u>1,039,090</u>	<u>1,060,151</u>	<u>2,016,691</u>
Total Liabilities	<u>\$ 2,037,822</u>	<u>\$ 1,088,583</u>	<u>\$ 1,084,635</u>	<u>\$ 2,041,770</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 2,192,723	\$ 9,105,497	\$ 9,182,936	\$ 2,115,284
Restricted cash and investments	2,133,813	355	311	2,133,857
Accounts receivable	-	1,213	-	1,213
Interest receivable	<u>311</u>	<u>83</u>	<u>312</u>	<u>82</u>
Total Assets	<u>\$ 4,326,847</u>	<u>\$ 9,107,148</u>	<u>\$ 9,183,559</u>	<u>\$ 4,250,436</u>
LIABILITIES				
Accounts payable	\$ 20,701	\$ 496,565	\$ 452,858	\$ 64,408
Agency obligations	<u>4,306,146</u>	<u>2,680,700</u>	<u>2,800,818</u>	<u>4,186,028</u>
Total Liabilities	<u>\$ 4,326,847</u>	<u>\$ 3,177,265</u>	<u>\$ 3,253,676</u>	<u>\$ 4,250,436</u>

OTHER REPORTS



INDEPENDENT AUDITOR'S 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 City Council of
the City of Rio Vista
Rio Vista, California

We have audited, in accordance with the 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, 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 (the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise City of Rio Vista's basic financial statements and have issued our report thereon dated December 11, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Rio Vista's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Rio Vista's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Rio Vista's internal control.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency: 2015-01.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Rio Vista's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Rio Vista's Responses to Findings

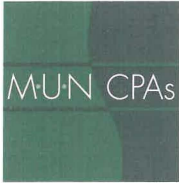
City of Rio Vista's response to the finding identified in our audit is described in the accompanying schedule of findings questioned costs. We did not audit City of Rio Vista's response and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Man Unt: RLCPAs

Sacramento, California
December 11, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the City Council of
the City of Rio Vista
Rio Vista, California

Report on Compliance for Each Major Federal Program

We have audited the City of Rio Vista's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Rio Vista's major federal programs for the year ended June 30, 2015. City of Rio Vista's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Rio Vista's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Rio Vista's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Rio Vista's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Rio Vista, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of the City of Rio Vista, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Rio Vista's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Rio Vista's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Man Unit del CPAs

Sacramento, California
December 11, 2015

CITY OF RIO VISTA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor's/ Pass-Through Entity Number</u>	<u>Expenditures</u>
U.S. Department of Transportation			
Direct Award			
Airport Improvement Program	20.106	3-06-0199-013-2011	\$ 35,228
Airport Improvement Program	20.106	3-06-0199-014-2011	7,486
Airport Improvement Program	20.106	3-06-0199-015-2014	<u>633,732</u>
Total Airport Improvement Program			<u>676,446</u>
Pass-through the State of California Department of Transportation			
Formula Grants for Rural Areas	20.509	NEW	65,000
Formula Grants for Rural Areas	20.509	643004	<u>17,528</u>
Total Formula Grants for Rural Areas			<u>82,528</u>
Total U.S. Department of Transportation			<u>758,974</u>
U.S. Department of Health and Human Services			
Pass-through Solano County			
Block Grants for Prevention and Treatment of Substance Abuse	93.959		<u>5,611</u>
U.S. Department of Homeland Security			
Direct Award			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	EMW-2013-FH-00234	<u>247,401</u>
Total Federal Expenditures			<u>\$ 1,011,986</u>

CITY OF RIO VISTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2015

NOTE 1: REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Rio Vista. The City of Rio Vista reporting entity is defined in Note 1 of the City's Annual Financial Report. All federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity.

NOTE 2: BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City and is presented on accounting principles generally accepted in the United States of America. The information in this schedule is presented on the accrual basis of accounting and in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 3: RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the City's basic financial statements. Federal award revenues are reported principally in the City's financial statements as intergovernmental revenues in the governmental funds.

NOTE 4: CLAIMS

The City of Rio Vista has received federal grants for specific purposes that are subject to review and audit by the Federal Government pass-through entity. Although such audits could result in expenditure disallowance under grant terms, any required reimbursements are not expected to be material which have not already been recorded.

CITY OF RIO VISTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Significant deficiencies?	Yes
Material weaknesses?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Significant deficiencies?	None reported
Material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
Major programs are as follows: Airport Improvement Program (20.106)	
Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

CITY OF RIO VISTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

SECTION II - FINANCIAL STATEMENT FINDINGS

Findings relating to the financial statements which are required to be reported in accordance with Generally Accepted Government Auditing Standards.

Finding 2015-01: Inter-fund Loan and Transfer Policy (Significant Deficiency - Repeat Finding)

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

Cause

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

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.

Management's Response

We concur with the auditors for the year ended June 30, 2015. Finance staff will work with the City Treasurer to set up loan repayment schedules.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Findings and questioned costs for Federal Awards, which includes audit findings and defined in Section 510(a).

None.

CITY OF RIO VISTA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2015

Finding 2014-01: Year-End Closing Procedures (Material Weakness - Repeat Finding)

Condition

During the year under audit, we noted that processes utilized for the closing and reporting of financial activity were not effective, which contributed to the delayed closing of the City's trial balances for the year ended June 30, 2014. Untimely account reconciliations also opens up the opportunity for increased errors or fraud not being detected timely.

Recommendation

We recommend the following:

- The City develop checklists or other guidance documents over the City's closing process to ensure all closing entries are captured in the City's general ledger in a timely manner, and supporting schedules agree or reconcile to respective account balances prior to the trial balance being provided for the audit.
- The City incorporate review procedures and checklists over the City's financial reporting process to ensure accurate and complete preparation of the City's financial statements.
- In order to make the financial reports generated by the accounting system as meaningful as possible, the City should reconcile the general ledger accounts to supporting documentation on a monthly or quarterly basis. A benefit of frequent reconciliations is that errors do not accumulate but can be identified and attributed to a particular period, which makes it easier to perform future reconciliations.

Status

Implemented.

Finding 2014-02: Grant Monitoring (Material Weakness)

Condition

The City does not have any formal procedures in place between department heads and the finance department to properly ensure that all expenditures, reimbursement requests, and compliance issues are being met timely and accurately.

Recommendation

We recommend the City incorporate formal internal procedures for the monitoring of grants and other loan programs. With assistance from grant managers and program managers, summarized grant and program information should be provided to the finance department such as:

- Copies of grant agreements and budgets
- Copies of material expenditures with proper coding and application of revenues and expenditures
- Copies of reimbursement requests
- Monitoring of grant cash flow

A separate binder or folder could be maintained to house all necessary grant information. This information can then be used to perform reconciliations of grant financial activity. We recommend reconciliations be performed at a minimum, on a quarterly basis.

Status

Implemented.

CITY OF RIO VISTA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2015

Finding 2014-03: Inter-fund Loan and Transfer Policy (Significant Deficiency - Repeat Finding)

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. 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.

Status

Repeat finding. See 2015-01.

Finding 2014-04: Payroll (Significant Deficiency)

Condition

During our payroll testing, we encountered one instance in our sample of a missing timecard and one instance in which pay raises for an employee were not properly documented on their Personnel Action Form.

The Finance Manager reviews the payroll register after every pay period, however there is no indication of review. This control is crucial to the operation of an internal payroll function.

Due to staff turnover, there was no consistent method of allocating salaries and benefits to the respective funds and departments between fiscal years.

Recommendation

In the event of a missing timecard, the payroll clerk should contact the employee and their manager in order to receive the proper documentation to determine hours paid. This documentation should be kept along with all other approved timecards.

Each time a pay raise is given to an employee, their personnel action form should be updated and signed as approved by the employee and their supervisor or authorized member of management. The new approved personnel action form should then serve as the source document to change the employee's rate in the system.

To improve the effectiveness of the payroll review, we recommend that the finance manager initial and date the register before checks are disbursed.

We recommend the City perform and obtain a cost allocation plan to allocate overhead expenditures to different departments to ensure that expenses being charged are an accurate reflection of current activity.

Status

Implemented.

CITY OF RIO VISTA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2015

Finding 2014-05: Accounts Receivable & Cash Receipts (Significant Deficiency)

Condition

The City currently records the majority of their cash receipts, other than utility billing, on a cash basis as opposed to creating invoices to which payments are subsequently applied. The cash method basis prevents the City from analyzing their receivables balance and knowing the true amount owed to them at a point in time.

Recommendation

We recommend that receivables be recorded through an invoice. All claims for reimbursement should be processed through the finance department. Month and year-end procedures should be developed to ensure that all receivables are being properly recorded.

Status

Implemented.