

City of Rio Vista



Annual Financial Statements
And Independent Auditor's Report
For the Year Ended
June 30, 2017

CITY OF RIO VISTA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017

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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, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension related schedules, and the schedule of funding progress for other postemployment benefits 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 governmental combining and individual nonmajor fund financial statements, the proprietary non-major combining statements, and the agency funds combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The governmental combining and individual nonmajor fund financial statements, the proprietary non-major combining statements, and the agency funds combining statements 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 governmental combining and individual nonmajor fund financial statements, the proprietary non-major combining statements, and the agency funds combining statements 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 8, 2017, 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.

Mann, Wurtia, Nelson CPA's

Sacramento, California
December 8, 2017

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017. 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 and deferred outflows of resources of the City of Rio Vista exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$88,560,232 (net position). Of this amount, \$9,368,401 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 \$2,780,983 (\$1,542,743 increase in Business-Type Activities and \$1,238,240 increase in Governmental Activities).
- At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$12,703,623, an increase of \$776,208 in comparison with the prior year (\$267,540 increase in the General Fund and \$508,668 increase in Other Governmental Funds). Approximately 22% of this amount (\$2,746,919) is available for spending at the government's discretion (unassigned fund balance).
- The City's business-type net position amounted to \$73,408,576, an increase of \$1,542,743 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, business park, airport, and the transit system.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, the City of Rio Vista's only major fund was the General 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, 2017

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, proprietary, 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, 2017 and 2016 follows:

Statement of Net Position
As of June 30, 2017 and 2016
(in thousands)

	Governmental Activities			Business-Type Activities			Total Government		
	2017	2016	Net Change	2017	2016	Net Change	2017	2016	Net Change
ASSETS									
Current and other assets	\$ 13,678	\$ 13,045	\$ 633	\$ 14,845	\$ 10,279	\$ 4,566	\$ 28,523	\$ 23,324	\$ 5,199
Capital assets	8,661	8,605	56	66,544	63,883	2,661	75,205	72,488	2,717
Total Assets	<u>22,339</u>	<u>21,650</u>	<u>689</u>	<u>81,389</u>	<u>74,162</u>	<u>7,227</u>	<u>103,728</u>	<u>95,812</u>	<u>7,916</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>2,197</u>	<u>1,062</u>	<u>1,135</u>	<u>234</u>	<u>124</u>	<u>110</u>	<u>2,431</u>	<u>1,186</u>	<u>1,245</u>
LIABILITIES									
Long-term liabilities	7,974	7,045	929	5,143	1,512	3,631	13,117	8,557	4,560
Other liabilities	1,061	1,131	(70)	3,048	855	2,193	4,109	1,986	2,123
Total Liabilities	<u>9,035</u>	<u>8,176</u>	<u>859</u>	<u>8,191</u>	<u>2,367</u>	<u>5,824</u>	<u>17,226</u>	<u>10,543</u>	<u>6,683</u>
DEFERRED INFLOWS OF RESOURCES	<u>350</u>	<u>622</u>	<u>(272)</u>	<u>25</u>	<u>52</u>	<u>(27)</u>	<u>375</u>	<u>674</u>	<u>(299)</u>
NET POSITION									
Net investment in capital assets	8,505	8,304	201	61,671	62,743	(1,072)	70,176	71,047	(871)
Restricted	1,348	1,646	(298)	7,667	3,765	3,902	9,015	5,411	3,604
Unrestricted	5,298	3,964	1,334	4,070	5,358	(1,288)	9,368	9,322	46
Total Net Position	<u>\$ 15,151</u>	<u>\$ 13,914</u>	<u>\$ 1,237</u>	<u>\$ 73,408</u>	<u>\$ 71,866</u>	<u>\$ 1,542</u>	<u>\$ 88,559</u>	<u>\$ 85,780</u>	<u>\$ 2,779</u>

The City's total government-wide net position amounted to \$88,560,232 as of June 30, 2017. This represented an increase of \$2,780,983 over fiscal year 2016. 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, 2017

By far, the largest portion of the City of Rio Vista's net position, 79.2%, 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, 10.2%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$9,368,401 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 \$2,780,983 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities and business-type activities.

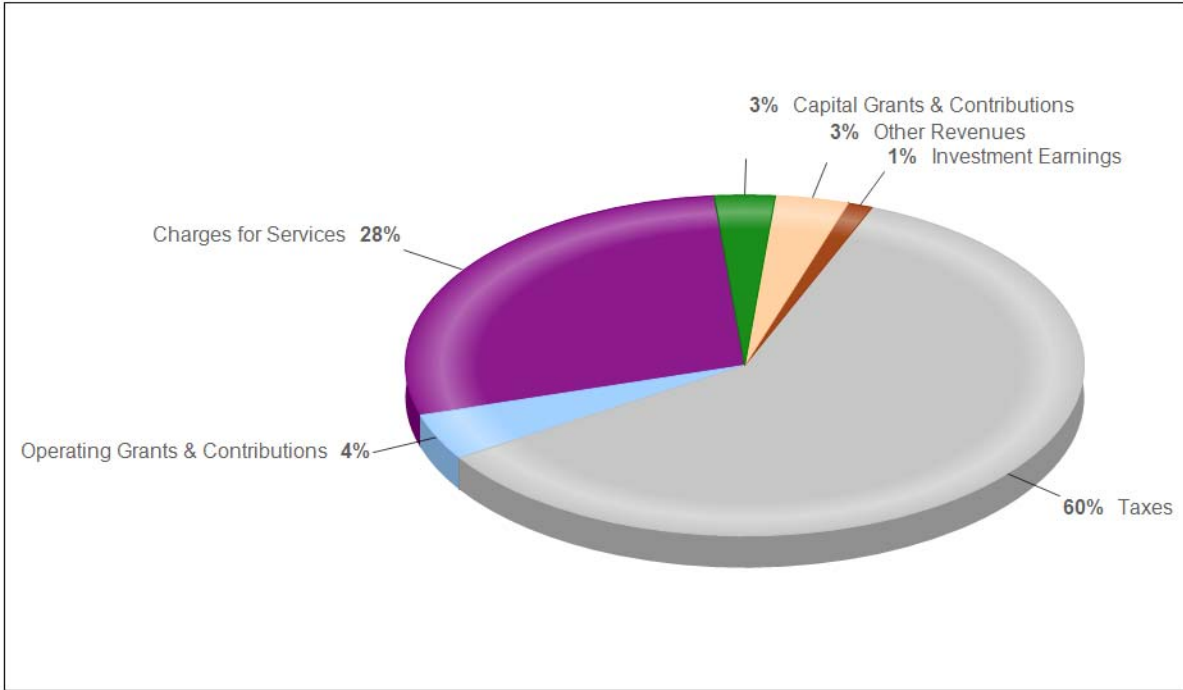
Governmental Activities. During the current fiscal year, net position for governmental activities increased \$1,238,240 from the prior fiscal year for an ending balance of \$15,151,656. Revenues decreased 1% and expenses decreased 14% from prior year.

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

	<u>2017</u>	<u>2016</u>
REVENUES		
Charges for services	\$ 2,311,055	\$ 2,453,187
Operating grants and contributions	359,939	532,182
Capital grants and contributions	235,263	392,267
Taxes	4,848,940	4,455,892
Investment earnings	100,342	66,495
Other	280,819	298,843
Transfers	<u>(21,719)</u>	<u>25,000</u>
Total Revenue	<u>8,114,639</u>	<u>8,223,866</u>
EXPENSES		
General government	731,232	1,957,778
Public safety	4,281,315	3,959,472
Parks and recreation	417,062	414,148
Development	431,711	562,371
Public Works	1,002,986	1,121,209
Interest and fiscal charges	<u>12,093</u>	<u>5,748</u>
Total Expenses	<u>6,876,399</u>	<u>8,020,726</u>
Change in net position	<u>1,238,240</u>	<u>203,140</u>
Net position - beginning	13,913,416	13,322,047
Prior period restatement	<u>-</u>	<u>388,229</u>
Net position - beginning, restated	13,913,416	13,710,276
Net position - ending	<u>\$ 15,151,656</u>	<u>\$ 13,913,416</u>

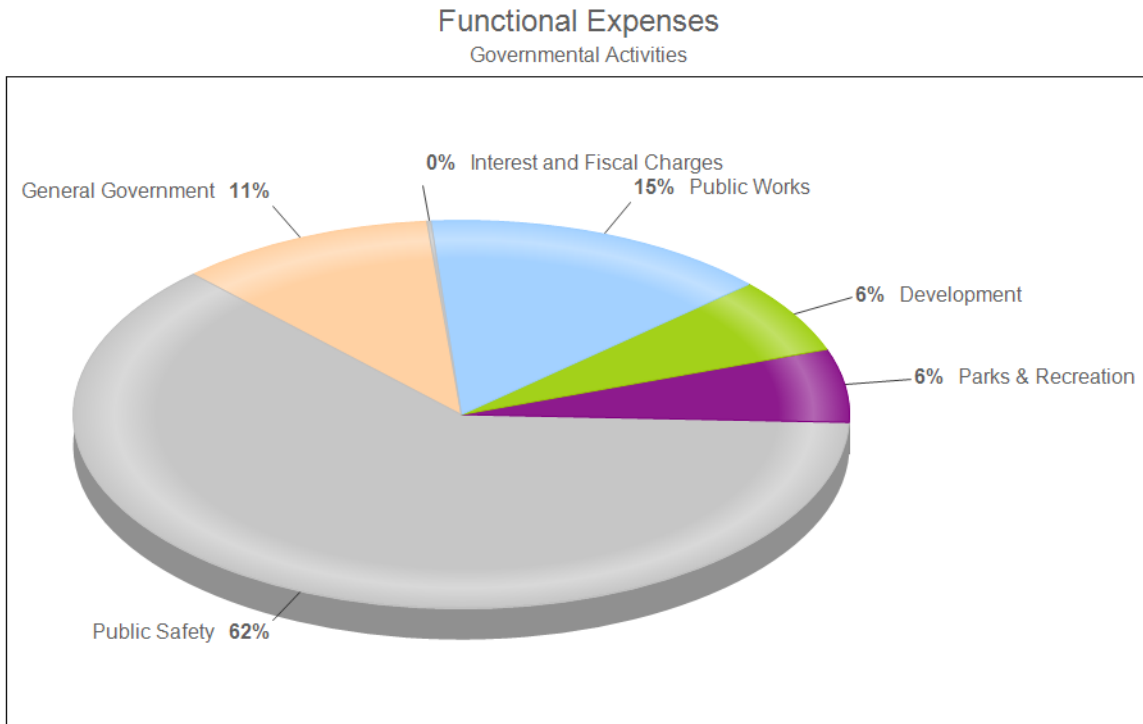
CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Sources of Revenues
Governmental Activities



As reflected above, 60% or \$4,848,940 of the City's governmental activities revenues as of June 30, 2017 were comprised of tax increments. Program revenues were 35% of governmental activities. Of this amount, 4% or \$359,939 was derived from operating grants and contributions, 3% or \$235,263 was derived from capital grants and contributions, and 28% or \$2,311,055 was derived from charges for services. The remaining sources of revenues included 1% of investment earnings and 3% of other revenues. Total governmental revenues decreased \$109,227 or 1% mainly due to the decrease in FEMA SAFER grant supporting the staffing at the fire department. The grant expired in February 2017, and the grant program revenue decreased \$152,550 from the prior fiscal year.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017



As identified in the functional expenses chart, 62% or \$4,281,315 of the City's expenses were for public safety. 11% or \$731,232 were for general government expenses. The remaining functional expenses included 15% or \$1,002,986 for public works, 6% or \$431,711 in development, 6% or \$417,062 in parks and recreation, and less than 1% or \$12,093 in interest and fiscal charges. The City's total governmental expenses decreased \$1,144,327 from the prior fiscal year.

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

General Government Expenses

General government expenses decreased \$1,226,546 or 63% mainly due to the one-time additional liability of landfill corrective action plan recognized in the prior fiscal year.

Public Safety Expenses

Public safety expenses increased 8% or \$321,843 mainly due to increase in salaries and benefits, maintenance and repair of vehicles and properties, and legal fees.

Development Expenses

Development expenses decreased 23% or \$130,660 mainly due to a decrease in construction management and other contractual services as well as decreased legal fees.

Public Works Expenses

Public works expenses decreased 12% or \$118,223 mainly due to decrease payments to STA for the SR12 and Church Road project.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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

	<u>2017</u>	<u>2016</u>
<u>REVENUES</u>		
Charges for services	\$ 7,626,173	\$ 7,420,697
Investment earnings	67,617	45,551
Operating grants and contributions	617,822	320,268
Capital grants and contributions	<u>191,928</u>	<u>80,816</u>
Total Revenue	<u>8,503,540</u>	<u>7,867,332</u>
<u>EXPENSES</u>		
Water	1,856,390	1,866,243
Beach Drive Treatment facility	2,058,500	1,981,592
NW Wastewater Treatment facility	1,788,120	1,666,787
Airport	636,210	482,432
Business Park	64,373	67,687
Transit	578,923	497,618
Transfers	<u>(21,719)</u>	<u>25,000</u>
Total Expenses	<u>6,960,797</u>	<u>6,587,359</u>
Change in net position	1,542,743	1,279,973
Net position - beginning	<u>71,865,833</u>	<u>70,585,860</u>
Net position - ending	<u>\$ 73,408,576</u>	<u>\$ 71,865,833</u>

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, 2017, business-type activities increased the City's net position by \$1,542,743.

Revenues

Operating grants and contributions increased \$297,554 or 93% due to an increase in TDA operating funds received from MTC in Transit.

Capital grants increased \$111,112 or 137% due to an increase in FTA grant and TDA capital funds for the purchase of two buses in Transit.

Expenses

Beach Drive Treatment Facility expenses increased \$76,908 or 4% mainly due to repairs needed and an increase in contractor fees. NW Treatment Facility expenses increased \$121,333 or 7% mainly due to repairs needed and an increase in contractor fees. Airport expenses increased \$153,778 or 32% due to the drainage design and planning improvement project.

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.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

At the end of FY 2017, the City's governmental funds reported combined fund balances of \$12,703,623, an increase of \$776,208 from the prior year. This increase is largely attributable to improved revenue streams from taxes and assessments with secured property taxes increased by 8% from prior year. Measure O, 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 2017 from Measure O were \$834,072.

Of the total fund balance of \$12,703,623 approximately \$2,109,229 is nonspendable, \$1,348,402 is restricted, \$147,639 is committed, \$6,351,434 is assigned for various purposes, and \$2,746,919 is unassigned.

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

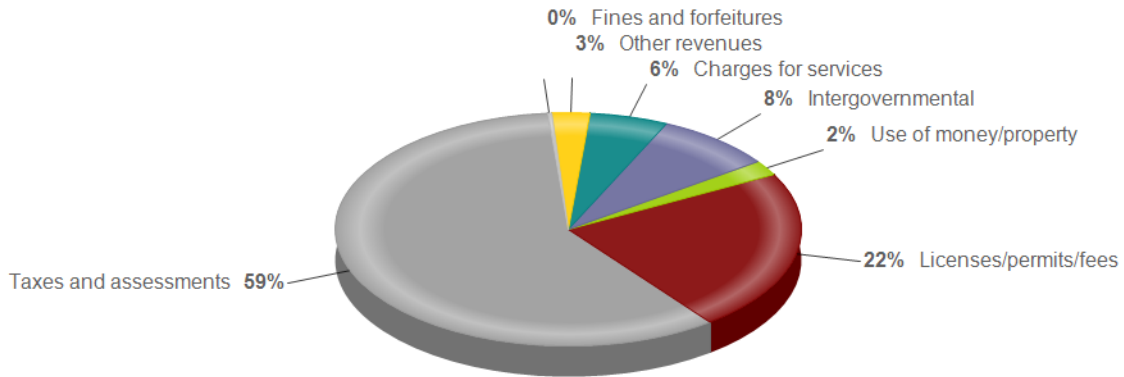
Revenues Classified by Source
Governmental Funds
For the Years Ended June 30, 2017 and 2016

Revenues by Source	2017		2016	
	Amount	% of Total	Amount	% of Total
Taxes and assessments	\$ 4,848,940	59.0 %	\$ 4,455,892	53.6 %
Licenses, permits, and fees	1,833,217	22.3 %	1,936,254	23.3 %
Fines and forfeitures	25,206	0.3 %	24,348	0.3 %
Use of money and property	177,981	2.2 %	164,610	2.0 %
Intergovernmental revenues	670,528	8.2 %	1,035,031	12.5 %
Charges for services	452,632	5.5 %	492,585	5.9 %
Other revenue	<u>203,180</u>	<u>2.5 %</u>	<u>200,728</u>	<u>2.4 %</u>
Total Revenue	\$ <u>8,211,684</u>	<u>100 %</u>	\$ <u>8,309,448</u>	<u>100 %</u>

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

Revenues Classified by Source

Governmental Funds FY 2016-17



Key elements of the changes noted above include:

Taxes and assessments provide the greatest source of revenues for the City. These sources represent 59% of total revenues and increased 9% from prior year mainly due to increase in property and sales taxes. Charges for services represents 6% of total revenues and decreased 8% from prior year mainly due to decrease in plan check fees. Other revenues reflect all revenues not included in the individual revenue source categories listed above. Other revenues represent 3% of total revenues and increased 1% from prior year mainly due to donations to the fire department and boat dock contributions. Licenses, permits and fees represents 22% of total revenues and decreased 5% mainly due to a decrease in planning application and development fees. Intergovernmental revenues represents 8% of total revenues and decreased 35% mainly due to the completion of the waterfront promenade project in the prior year and decrease in grant revenue.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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

Expenditures by Function
Governmental Funds
For the Years Ended June 30, 2017 and 2016

Expenditures by Function	2017		2016	
	Amount	% of Total	Amount	% of Total
General government	\$ 795,177	10.7 %	\$ 815,427	11.1 %
Public safety	4,176,162	56.3 %	3,881,046	53.0 %
Parks and recreation	305,134	4.1 %	296,487	4.0 %
Development	466,777	6.3 %	565,524	7.7 %
Public Works	898,706	12.1 %	1,001,195	13.7 %
Debt service				
Principal	133,389	1.8 %	127,940	1.7 %
Interest and other charges	12,093	0.2 %	18,451	0.3 %
Capital outlay	626,319	8.4 %	622,712	8.5 %
Total Expenditures	\$ 7,413,757	100 %	\$ 7,328,782	100 %

Key elements of the changes noted above include:

General government represents 11% of total expenditures and costs decreased 2% mainly due to decrease in potential litigation legal costs. Public safety represents 56% of total expenditures and costs increased 8% mainly due to increases in salaries and benefits of police personnel and legal fees. Development represents 6% of total expenditures and costs decreased 17% mainly due to a decrease in construction management and other contractual services. Public works represents 12% of total expenditures and costs decreased 10% mainly due to decreases in roadway construction costs.

Major Funds

General Fund. The General Fund is the main operating fund of the City. At June 30, 2017, the unassigned fund balance of the general fund was \$3,099,519 while the total fund balance amounted to \$4,155,233. The General Fund saw an increase of fund balance of \$267,540. Total revenues increased \$222,350 or 4% from the prior fiscal year. This was primarily due to an increase in taxes and assessments. Total expenditures increased \$103,962 or 2%.

Other Governmental Funds. Nonmajor governmental funds aggregated to a \$508,668 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, 2017

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,		
	2017	2016
Water	\$ 1,025,257	\$ 827,448
Beach Treatment Facility	831,097	849,932
NW Wastewater Treatment Facility	(59,892)	(50,200)
Airport	(247,216)	(274,037)
Other Enterprise Funds	(99,262)	(118,467)
Total	\$ 1,449,984	\$ 1,234,676

The Enterprise Funds showed an increase of \$215,308 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 increased to \$1,025,257. Expenditures in the Water Fund decreased from the prior fiscal year expenditure of \$1,866,243 to a total of \$1,711,469 in the current fiscal year. Total current year operating revenues of \$2,736,726 increased \$43,035 over prior year. After adding non-operating revenues, the water fund realized an increase in net position of \$904,206.

Beach Treatment Facility – Total operating revenues of \$2,849,524 less total operating expenditures of \$2,018,427, resulted in net operating income of \$831,097. After net non-operating expenditures of \$27,188, the Beach Treatment Facility had a net change of \$819,482 in net position.

NW Wastewater Treatment Facility – Total operating revenues of \$1,728,228 less total operating expenditures of \$1,788,120, resulted in a net operating loss of \$59,892. The NW Treatment Facility had a change of net position of \$(30,599).

Airport – The airport's net operating loss of \$247,216 decreased from the prior year net loss of \$274,037. Depreciation expense of \$309,697 contributed significantly to the net operating loss.

Other Enterprise Funds – This fund, which includes Transit and Business Park, resulted in total net operating loss of \$99,262 in the current fiscal year. Operating expenditures of \$643,296 increased from prior year operating expenditures of \$565,305 by \$77,991.

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, 2017 and 2016, respectively, was \$75,205,709 and \$72,487,397 (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 2017 was \$2,718,312.

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, 2017

Capital Assets (net of depreciation)
As of June 30, 2017 and 2016

	2017			2016		
	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	280,577	2,616,651	2,897,228	271,752	4,172,445	4,444,197
Buildings & improvements	1,853,163	40,738,915	42,592,078	1,732,207	41,362,319	43,094,526
Runways	-	6,538,282	6,538,282	-	6,823,798	6,823,798
Equipment	102,088	90,042	192,130	126,302	108,992	235,294
Vehicles	419,205	324,829	744,034	494,720	208,486	703,206
Infrastructure	<u>4,037,767</u>	<u>15,683,484</u>	<u>19,721,251</u>	<u>4,011,021</u>	<u>10,654,649</u>	<u>14,665,670</u>
Total Net Capital Assets	<u>\$ 8,661,398</u>	<u>\$ 66,544,311</u>	<u>\$ 75,205,709</u>	<u>\$ 8,604,600</u>	<u>\$ 63,882,797</u>	<u>\$ 72,487,397</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, 2017, the City's long-term debt outstanding was \$5,029,577. Of this total, \$156,222 was in governmental activities and \$4,873,355 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	2017	2016
Governmental Activities:		
1997 General Obligation Bonds	\$ 29,000	\$ 57,000
City Manager Vehicle Lease	-	11,029
Building Department Vehicle Lease	5,551	10,828
Police Vehicles Lease	65,981	128,699
PG&E Retrofit Loan	15,954	18,377
Fire Truck Loan	<u>39,736</u>	<u>74,707</u>
Total Governmental Activity Debt	<u>\$ 156,222</u>	<u>\$ 300,640</u>
Business-type Activities:		
Land Capital Lease	\$ 93,355	\$ 99,355
Wastewater Installment Purchase Agreement	975,000	1,040,000
Water Meter Installment Purchase Agreement	<u>3,805,000</u>	<u>-</u>
Total Business-Type Activity Debt	<u>\$ 4,873,355</u>	<u>\$ 1,139,355</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, 2017, a total of \$25,852,100 in special assessment district debt was outstanding, issued by three assessment districts. The Community Facilities Districts No. 2004-1 and 2006-1 were created to assist in financing a portion of the Northwest and Beach Wastewater Facilities in the amounts of \$12,615,000 and \$12,515,000. Also, Reassessment District No. 2007-1R Refunding Bonds had a balance of \$722,100. All district debt is secured only by special assessments on the real property in the district issuing the debt, and is not the City's responsibility, although the City does act as these Districts' agent in the collection and remittance of assessments.

CITY OF RIO VISTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Liberty Community Development

The liberty subdivision will provide for 220 market rate homes and approximately 750 55 and up active adult homes. Permits for the market rate homes are expected to be pulled in February 2018. The active adult homes are not expected to be built until Trilogy starts to ramp down its construction activities; however, if another builder elects to purchase the active adult portion of Liberty, then construction may begin sooner than expected.

On December 5, 2017, the City adopted Resolution 2017-107 in declaring its intention to establish Community Facilities District No. 2018-1, Liberty Community, and to levy a special tax to pay for certain public facilities and services and to incur a bonded indebtedness to pay for certain public facilities. Funding the required maintenance services for the Liberty Community development is estimated to cost approximately \$255,000 annually. Approximately \$317,000 is required to fund repair and replacement of the infrastructure to be maintained, for a total annual cost of approximately \$572,000. The CFD 2018-1 levy and collection of special taxes for maintenance services is anticipated to begin with the 2018/19 Fiscal Year, with rates increasing by CPI in subsequent years to keep pace with inflating costs. This will be the final city action needed prior to issuing building permits.

Business Park Development

Land sales: The City has closed sales on 5 parcels of land representing 7.86 acres. The total sales amount came to \$1,418,600. The City is also opening escrow on additional land sales on 12.60 acres that could generate \$3,627,100.

The first business has started construction and should be operational by June 2018. The four other businesses are working to begin construction sometime in 2018. These businesses are expected to generate revenues for the City as well as provide jobs for the local population.

Final Phase of Trilogy

Trilogy is nearing completion of its remaining phase and anticipates to be built out by the 3rd quarter in 2018. There are approximately 125 homes left to build and the developer is pulling 10-15 permits per month. The building activity in Trilogy is expected to push the City population to over 10,000 by the end of December 2017.

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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments (Note 2)	\$ 10,809,121	\$ 7,834,261	\$ 18,643,382
Accounts receivable, net	632,434	1,215,452	1,847,886
Interest receivable	18,349	7,798	26,147
Notes receivable (Note 3)	100,000	-	100,000
Other assets (Note 11)	181,883	-	181,883
Internal balances	1,901,742	(1,901,742)	-
Prepaid items and deposits	34,688	8,242	42,930
Inventory	-	13,793	13,793
Restricted cash and cash equivalents (Note 2)	-	7,667,297	7,667,297
Capital assets (Note 5)			
Land and construction in progress	2,249,175	3,168,759	5,417,934
Capital assets being depreciated, net	<u>6,412,223</u>	<u>63,375,552</u>	<u>69,787,775</u>
Total capital assets	<u>8,661,398</u>	<u>66,544,311</u>	<u>75,205,709</u>
Total Assets	<u>22,339,615</u>	<u>81,389,412</u>	<u>103,729,027</u>
DEFERRED OUTFLOWS OF RESOURCES			
2017 Pension contributions (Note 8)	710,219	63,683	773,902
Changes in the net pension liability (Note 8)	1,486,553	123,666	1,610,219
Deferred amount on bond refunding (Note 6)	<u>-</u>	<u>47,031</u>	<u>47,031</u>
Total Deferred Outflows of Resources	<u>2,196,772</u>	<u>234,380</u>	<u>2,431,152</u>
LIABILITIES			
Accounts payable	292,194	2,409,036	2,701,230
Accrued payroll and benefits	60,503	19,480	79,983
Interest payable	-	22,018	22,018
Deposits payable	99,549	124,189	223,738
Unearned revenue	395,917	158,616	554,533
Compensated absences (Note 6):			
Due within one year	73,539	23,281	96,820
Due in more than one year	259,027	82,005	341,032
Landfill post-closure (Note 15):			
Due in more than one year	1,739,936	-	1,739,936
Long-term liabilities (Note 6):			
Due within one year	139,548	291,000	430,548
Due in more than one year	16,674	4,582,355	4,599,029
Other postemployment benefits (Note 9)			
Due in more than one year	847,687	-	847,687
Net pension liability (Note 8)			
Due in more than one year	<u>5,110,312</u>	<u>478,380</u>	<u>5,588,692</u>
Total Liabilities	<u>9,034,886</u>	<u>8,190,360</u>	<u>17,225,246</u>
DEFERRED INFLOWS OF RESOURCES			
Changes in the net pension liability (Note 8)	<u>349,845</u>	<u>24,856</u>	<u>374,701</u>
NET POSITION			
Net investment in capital assets	8,505,176	61,670,956	70,176,132
Restricted for:			
Capital projects	679,749	7,667,297	8,347,046
Debt service	32,032	-	32,032
Specific projects and programs	636,621	-	636,621
Unrestricted	<u>5,298,078</u>	<u>4,070,323</u>	<u>9,368,401</u>
Total Net Position	<u>\$ 15,151,656</u>	<u>\$ 73,408,576</u>	<u>\$ 88,560,232</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

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	\$ 731,232	\$ 297,600	\$ 5,000	\$ -	\$ (428,632)	\$ -	\$ (428,632)
Public safety	4,281,315	214,704	354,939	-	(3,711,672)	-	(3,711,672)
Parks and recreation	417,062	71,780	-	-	(345,282)	-	(345,282)
Development	431,711	778,385	-	-	346,674	-	346,674
Public works	1,002,986	948,586	-	235,263	180,863	-	180,863
Interest and fiscal charges	12,093	-	-	-	(12,093)	-	(12,093)
Total governmental activities	<u>6,876,399</u>	<u>2,311,055</u>	<u>359,939</u>	<u>235,263</u>	<u>(3,970,142)</u>	<u>-</u>	<u>(3,970,142)</u>
Business-type activities:							
Water	1,856,390	2,736,726	-	-	-	880,336	880,336
Beach Drive treatment facility	2,058,500	2,849,524	-	-	-	791,024	791,024
NW Wastewater treatment facilities	1,788,120	1,728,228	-	-	-	(59,892)	(59,892)
Airport	636,210	187,983	197,500	-	-	(250,727)	(250,727)
Business park	64,373	89,002	-	-	-	24,629	24,629
Transit	578,923	34,710	420,322	191,928	-	68,037	68,037
Total business-type activities	<u>6,982,516</u>	<u>7,626,173</u>	<u>617,822</u>	<u>191,928</u>	<u>-</u>	<u>1,453,407</u>	<u>1,453,407</u>
Total primary government	<u>\$ 13,858,915</u>	<u>\$ 9,937,228</u>	<u>\$ 977,761</u>	<u>\$ 427,191</u>	<u>\$ (3,970,142)</u>	<u>\$ 1,453,407</u>	<u>\$ (2,516,735)</u>
General revenues:							
Property taxes					\$ 2,566,154	\$ -	\$ 2,566,154
Sales taxes					1,941,216	-	1,941,216
Other taxes					341,570	-	341,570
Investment earnings					100,342	67,617	167,959
Rental income					77,639	-	77,639
Miscellaneous					203,180	-	203,180
Transfers					(21,719)	21,719	-
Total general revenues					<u>5,208,382</u>	<u>89,336</u>	<u>5,297,718</u>
Change in net position					1,238,240	1,542,743	2,780,983
Net position - July 1, 2016					<u>13,913,416</u>	<u>71,865,833</u>	<u>85,779,249</u>
Net position - June 30, 2017					<u>\$ 15,151,656</u>	<u>\$ 73,408,576</u>	<u>\$ 88,560,232</u>

See accompanying notes to the basic financial statements.

**CITY OF RIO VISTA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash and investments	\$ 2,866,475	\$ 7,942,646	\$ 10,809,121
Accounts receivable	478,241	154,193	632,434
Interest receivable	9,742	8,607	18,349
Prepaid items	33,113	1,575	34,688
Due from other funds	197,633	-	197,633
Notes receivable	-	100,000	100,000
Other assets	181,883	-	181,883
Advances to other funds	<u>974,455</u>	<u>1,100,086</u>	<u>2,074,541</u>
Total Assets	<u>\$ 4,741,542</u>	<u>\$ 9,307,107</u>	<u>\$ 14,048,649</u>
<u>LIABILITIES</u>			
Accounts payable and accrued expenses	\$ 222,853	\$ 69,341	\$ 292,194
Accrued payroll and benefits	49,050	11,453	60,503
Unearned revenue	308,752	87,165	395,917
Deposits payable	5,654	93,895	99,549
Due to other funds	-	197,633	197,633
Advances from other funds	<u>-</u>	<u>172,799</u>	<u>172,799</u>
Total Liabilities	<u>586,309</u>	<u>632,286</u>	<u>1,218,595</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenues	<u>-</u>	<u>126,431</u>	<u>126,431</u>
<u>FUND BALANCES</u>			
Nonspendable	1,007,568	1,101,661	2,109,229
Restricted	-	1,348,402	1,348,402
Committed	-	147,639	147,639
Assigned	48,146	6,303,288	6,351,434
Unassigned	<u>3,099,519</u>	<u>(352,600)</u>	<u>2,746,919</u>
Total Fund Balances	<u>4,155,233</u>	<u>8,548,390</u>	<u>12,703,623</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,741,542</u>	<u>\$ 9,307,107</u>	<u>\$ 14,048,649</u>

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, 2017

Total fund balances of governmental funds	\$ 12,703,623
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 \$7,471,953.	8,661,398
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 2017 pension contributions were made subsequent to the measurement date.	710,219
Deferred outflows of resources related to changes in the net pension liability are not reported in the governmental funds.	1,486,553
Long-term liabilities are not due in the current period and therefore are not reported in the governmental funds.	
Long-term liabilities	(156,222)
Compensated absences	(332,566)
Net OPEB obligation	(847,687)
Landfill closure liability	(1,739,936)
Net pension liability	(5,110,312)
Deferred inflows related to changes in the net pension liability	(349,845)
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>26,431</u>
Net position of governmental activities	<u>\$ 15,151,656</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, 2017

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>			
Taxes and assessments	\$ 4,241,688	\$ 607,252	\$ 4,848,940
Licenses, permits, and fees	903,278	929,939	1,833,217
Fines and forfeitures	25,206	-	25,206
Use of money and property	133,591	44,390	177,981
Intergovernmental	6,145	664,383	670,528
Charges for services	452,632	-	452,632
Other revenues	<u>138,513</u>	<u>64,667</u>	<u>203,180</u>
Total Revenues	<u>5,901,053</u>	<u>2,310,631</u>	<u>8,211,684</u>
<u>EXPENDITURES</u>			
Current:			
General administration	795,177	-	795,177
Public safety	3,314,316	861,846	4,176,162
Parks and recreation	254,928	50,206	305,134
Development	438,349	28,428	466,777
Public works	399,137	499,569	898,706
Capital outlay	22,023	604,296	626,319
Debt service:			
Principal	67,995	65,394	133,389
Interest and fiscal charges	<u>6,692</u>	<u>5,401</u>	<u>12,093</u>
Total Expenditures	<u>5,298,617</u>	<u>2,115,140</u>	<u>7,413,757</u>
Excess (Deficiency) of Revenues over Expenditures	<u>602,436</u>	<u>195,491</u>	<u>797,927</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers in	-	432,711	432,711
Transfers out	<u>(334,896)</u>	<u>(119,534)</u>	<u>(454,430)</u>
Total Other Financing Sources (Uses)	<u>(334,896)</u>	<u>313,177</u>	<u>(21,719)</u>
Net Change in Fund Balances	267,540	508,668	776,208
Fund Balances (Deficits) - July 1, 2016	<u>3,887,693</u>	<u>8,039,722</u>	<u>11,927,415</u>
Fund Balances (Deficits) - June 30, 2017	<u>\$ 4,155,233</u>	<u>\$ 8,548,390</u>	<u>\$ 12,703,623</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, 2017

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	\$ 776,208
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	616,281
Depreciation expense	(549,181)
Government funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each disposal.	
	(10,302)
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	144,418
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.	
	2,103
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	464,838
Other postemployment benefits	(219,466)
Landfill closure	88,667
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.	
	26,431
Some revenues reported in the prior year Statement of Activities were recognized in the governmental funds in the current year.	
	<u>(101,757)</u>
Change in net position of governmental activities	<u>\$ 1,238,240</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities - Enterprise Funds		
	Water	Beach Drive Treatment Facility	NW Wastewater Treatment Facility
ASSETS			
Current Assets			
Cash and investments	\$ 1,847,210	\$ 1,751,128	\$ 2,136,519
Restricted cash and investments	6,013,829	1,348,014	144,762
Accounts receivable, net	317,151	432,023	197,586
Interest receivable	2,302	1,326	1,911
Prepaid items	718	-	-
Inventory	-	-	-
Total Current Assets	8,181,210	3,532,491	2,480,778
Non Current Assets			
Advances to other funds	198,704	38,704	-
Capital assets:			
Land and construction in progress	2,662,703	76,485	2,463
Depreciable assets, net	14,239,372	7,266,511	34,282,623
Total Non-Current Assets	17,100,779	7,381,700	34,285,086
Total Assets	25,281,989	10,914,191	36,765,864
DEFERRED OUTFLOWS OF RESOURCES			
2017 Pension contributions	30,506	18,822	10,862
Changes in net pension liability	59,245	36,553	21,096
Deferred amount on debt refunding	-	47,031	-
Total Deferred Outflows	89,751	102,406	31,958
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 2,074,505	\$ 100,649	\$ 116,461
Accrued salaries and benefits	9,745	5,119	3,006
Accrued interest payable	7,579	7,418	-
Deposits payable	99,778	-	-
Unearned revenues	-	-	-
Compensated absences - current	11,289	6,264	3,841
Capital lease - current	6,000	-	-
Bonds payable - current	220,000	65,000	-
Total Current Liabilities	2,428,896	184,450	123,308
Non-Current Liabilities			
Advances from other funds	-	1,106,579	-
Compensated absences - noncurrent	39,763	22,066	13,528
Capital lease - noncurrent	87,355	-	-
Bonds payable - noncurrent	3,585,000	910,000	-
Net pension liability	229,500	141,498	81,749
Total Non-Current Liabilities	3,941,618	2,180,143	95,277
Total Liabilities	6,370,514	2,364,593	218,585
DEFERRED INFLOWS OF RESOURCES			
Changes in net pension liability	11,637	7,259	4,121
NET POSITION:			
Net investment in capital assets	13,003,720	6,367,996	34,285,086
Restricted for capital projects	6,013,829	1,348,014	144,762
Unrestricted	(27,960)	928,735	2,145,268
Total Net Position	\$ 18,989,589	\$ 8,644,745	\$ 36,575,116

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF NET POSITION (continued)
PROPRIETARY FUNDS
JUNE 30, 2017

	Business-type Activities - Enterprise Funds		
	Airport	Other Enterprise Funds	Totals
ASSETS			
Current Assets			
Cash and investments	\$ 90,568	\$ 2,008,836	\$ 7,834,261
Restricted cash and investments	160,692	-	7,667,297
Accounts receivable, net	17,238	251,454	1,215,452
Interest receivable	-	2,259	7,798
Prepaid items	4,849	2,675	8,242
Inventory	13,793	-	13,793
Total Current Assets	287,140	2,265,224	16,746,843
Non Current Assets			
Advances to other funds	-	-	237,408
Capital assets:			
Land and construction in progress	405,313	21,795	3,168,759
Depreciable assets, net	6,992,516	594,530	63,375,552
Total Non-Current Assets	7,397,829	616,325	66,781,719
Total Assets	7,684,969	2,881,549	83,528,562
DEFERRED OUTFLOWS OF RESOURCES			
2017 Pension contributions	2,408	1,085	63,683
Changes in net pension liability	4,672	2,100	123,666
Deferred amount on debt refunding	-	-	47,031
Total Deferred Outflows	7,080	3,185	234,380
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 20,682	\$ 96,739	\$ 2,409,036
Accrued salaries and benefits	769	841	19,480
Accrued interest payable	7,021	-	22,018
Deposits payable	14,282	10,129	124,189
Unearned revenues	155,699	2,917	158,616
Compensated absences - current	1,002	885	23,281
Capital lease - current	-	-	6,000
Bonds payable - current	-	-	285,000
Total Current Liabilities	199,455	111,511	3,047,620
Non-Current Liabilities			
Advances from other funds	1,032,571	-	2,139,150
Compensated absences - noncurrent	3,531	3,117	82,005
Capital lease - noncurrent	-	-	87,355
Bonds payable - noncurrent	-	-	4,495,000
Net pension liability	17,856	7,777	478,380
Total Non-Current Liabilities	1,053,958	10,894	7,281,890
Total Liabilities	1,253,413	122,405	10,329,510
DEFERRED INFLOWS OF RESOURCES			
Changes in net pension liability	1,123	716	24,856
NET POSITION:			
Net investment in capital assets	7,397,829	616,325	61,670,956
Restricted for capital projects	160,692	-	7,667,297
Unrestricted	(1,121,008)	2,145,288	4,070,323
Total Net Position	\$ 6,437,513	\$ 2,761,613	\$ 73,408,576

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, 2017

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Beach Drive Treatment Facility</u>	<u>NW Wastewater Treatment Facility</u>
<u>OPERATING REVENUES</u>			
Charges for services	\$ 2,736,677	\$ 2,849,524	\$ 1,727,967
Rents	-	-	-
Sale of fuel	-	-	-
Grant revenue	-	-	-
Other revenue	49	-	261
	<u>2,736,726</u>	<u>2,849,524</u>	<u>1,728,228</u>
<u>OPERATING EXPENSES</u>			
Salaries and benefits	661,279	350,772	213,196
Materials, supplies, & operational expenses	188,721	143,014	157,334
Repairs and maintenance	176,566	110,451	98,082
Power and utilities	209,398	111,011	211,589
Contractual services	50,303	957,445	638,310
Professional services	21,793	9,952	6,257
Insurance	12,631	17,476	17,460
Miscellaneous	300	20,196	13,999
Depreciation and amortization	390,478	298,110	431,893
	<u>1,711,469</u>	<u>2,018,427</u>	<u>1,788,120</u>
Total Operating Expenses			
	<u>1,711,469</u>	<u>2,018,427</u>	<u>1,788,120</u>
Operating Income (Loss)	<u>1,025,257</u>	<u>831,097</u>	<u>(59,892)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	33,297	12,885	10,720
Interest expense	(144,921)	(40,073)	-
Capital grants	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>(111,624)</u>	<u>(27,188)</u>	<u>10,720</u>
Income (Loss) Before Transfers	<u>913,633</u>	<u>803,909</u>	<u>(49,172)</u>
<u>TRANSFERS</u>			
Transfers in	15,573	15,573	18,573
Transfers out	(25,000)	-	-
	<u>(9,427)</u>	<u>15,573</u>	<u>18,573</u>
Total Transfers			
	<u>(9,427)</u>	<u>15,573</u>	<u>18,573</u>
Change in net position	904,206	819,482	(30,599)
Net Position - July 1, 2016	<u>18,085,383</u>	<u>7,825,263</u>	<u>36,605,715</u>
Net Position - June 30, 2017	<u>\$ 18,989,589</u>	<u>\$ 8,644,745</u>	<u>\$ 36,575,116</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, 2017

	Business-type Activities - Enterprise Funds		
	Airport	Other Enterprise Funds	Totals
<u>OPERATING REVENUES</u>			
Charges for services	\$ -	\$ 17,564	\$ 7,331,732
Rents	166,295	87,364	253,659
Sale of fuel	21,688	-	21,688
Grant revenue	197,500	420,322	617,822
Other revenue	-	18,784	19,094
Total Operating Revenue	385,483	544,034	8,243,995
<u>OPERATING EXPENSES</u>			
Salaries and benefits	66,181	53,769	1,345,197
Materials, supplies, & operational expenses	168,590	48,143	705,802
Repairs and maintenance	17,338	12,617	415,054
Power and utilities	27,917	3,550	563,465
Contractual services	28,569	303,132	1,977,759
Professional services	3,182	94,148	135,332
Insurance	6,242	-	53,809
Miscellaneous	4,983	-	39,478
Depreciation and amortization	309,697	127,937	1,558,115
Total Operating Expenses	632,699	643,296	6,794,011
Operating Income (Loss)	(247,216)	(99,262)	1,449,984
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Interest income	776	9,939	67,617
Interest expense	(3,511)	-	(188,505)
Capital grants	-	191,928	191,928
Total Non-Operating Revenues (Expenses)	(2,735)	201,867	71,040
Income (Loss) Before Transfers	(249,951)	102,605	1,521,024
<u>TRANSFERS</u>			
Transfers in	-	-	49,719
Transfers out	-	(3,000)	(28,000)
Total Transfers	-	(3,000)	21,719
Change in net position	(249,951)	99,605	1,542,743
Net Position - July 1, 2016	6,687,464	2,662,008	71,865,833
Net Position - June 30, 2017	<u>\$ 6,437,513</u>	<u>\$ 2,761,613</u>	<u>\$ 73,408,576</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, 2017

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Beach Drive Treatment Facility</u>	<u>NW Wastewater Treatment Facility</u>
<u>CASH FLOWS FROM OPERATING</u>			
<u>ACTIVITIES</u>			
Cash received from customers	\$ 2,739,908	\$ 2,786,109	\$ 1,675,787
Cash paid to suppliers	(813,922)	(1,483,555)	(1,085,158)
Cash paid to employees	<u>(675,302)</u>	<u>(350,729)</u>	<u>(215,229)</u>
Net Cash Provided by (Used for) Operating Activities	<u>1,250,684</u>	<u>951,825</u>	<u>375,400</u>
<u>CASH FLOWS FROM NON-CAPITAL</u>			
<u>FINANCING ACTIVITIES</u>			
Due (to) from other funds	20,000	32,481	-
Transfers (to) from other funds	<u>(9,427)</u>	<u>15,573</u>	<u>18,573</u>
Net Cash Provided by Non-Capital Financing Activities	<u>10,573</u>	<u>48,054</u>	<u>18,573</u>
<u>CASH FLOWS FROM CAPITAL AND</u>			
<u>RELATED FINANCING ACTIVITIES</u>			
Capital contributions	-	-	-
Proceeds on new debt	3,990,000	-	-
Acquisition of capital assets	(1,395,845)	(609,847)	(31,684)
Principal paid on capital debt	(191,000)	(65,000)	-
Interest paid on capital debt	<u>(137,342)</u>	<u>(40,568)</u>	<u>-</u>
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>2,265,813</u>	<u>(715,415)</u>	<u>(31,684)</u>
<u>CASH FLOWS FROM INVESTING</u>			
<u>ACTIVITIES</u>			
Interest and dividends	<u>31,157</u>	<u>11,691</u>	<u>8,846</u>
Net Cash Provided by Investing Activities	<u>31,157</u>	<u>11,691</u>	<u>8,846</u>
Net Increase in Cash and Cash Equivalents	3,558,227	296,155	371,135
Cash and Cash Equivalents - July 1, 2016	<u>4,302,812</u>	<u>2,802,987</u>	<u>1,910,146</u>
Cash and Cash Equivalents - June 30, 2017	<u>\$ 7,861,039</u>	<u>\$ 3,099,142</u>	<u>\$ 2,281,281</u>
<u>Reconciliation of Cash and Cash Equivalents</u>			
<u>to the Statement of Net Position</u>			
Cash and investments	\$ 1,847,210	\$ 1,751,128	\$ 2,136,519
Restricted cash and investments	<u>6,013,829</u>	<u>1,348,014</u>	<u>144,762</u>
Cash and Cash Equivalents - June 30, 2017	<u>\$ 7,861,039</u>	<u>\$ 3,099,142</u>	<u>\$ 2,281,281</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, 2017

<u>Business-type Activities - Enterprise Funds</u>			
	<u>Airport</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
<u>CASH FLOWS FROM OPERATING</u>			
<u>ACTIVITIES</u>			
Cash received from customers	\$ 382,421	\$ 510,504	\$ 8,094,729
Cash paid to suppliers	(254,964)	(428,652)	(4,066,251)
Cash paid to employees	(67,621)	(53,279)	(1,362,160)
Net Cash Provided by (Used for) Operating Activities	<u>59,836</u>	<u>28,573</u>	<u>2,666,318</u>
<u>CASH FLOWS FROM NON-CAPITAL</u>			
<u>FINANCING ACTIVITIES</u>			
Due (to) from other funds	-	29,480	81,961
Transfers (to) from other funds	-	-	24,719
Net Cash Provided by Non-Capital Financing Activities	<u>-</u>	<u>29,480</u>	<u>106,680</u>
<u>CASH FLOWS FROM CAPITAL AND</u>			
<u>RELATED FINANCING ACTIVITIES</u>			
Capital contributions	-	191,928	191,928
Proceeds on new debt	-	-	3,990,000
Acquisition of capital assets	(1,574)	(178,978)	(2,217,928)
Principal paid on capital debt	-	-	(256,000)
Interest paid on capital debt	-	-	(177,910)
Net Cash Provided by (Used for) Capital and Related Financing Activities	<u>(1,574)</u>	<u>12,950</u>	<u>1,530,090</u>
<u>CASH FLOWS FROM INVESTING</u>			
<u>ACTIVITIES</u>			
Interest and dividends	774	7,726	60,194
Net Cash Provided by Investing Activities	<u>774</u>	<u>7,726</u>	<u>60,194</u>
Net Increase in Cash and Cash Equivalents	59,036	78,729	4,363,282
Cash and Cash Equivalents - July 1, 2016	<u>192,224</u>	<u>1,930,107</u>	<u>11,138,276</u>
Cash and Cash Equivalents - June 30, 2017	<u>\$ 251,260</u>	<u>\$ 2,008,836</u>	<u>\$ 15,501,558</u>
<u>Reconciliation of Cash and Cash Equivalents</u>			
<u>to the Statement of Net Position</u>			
Cash and investments	\$ 90,568	\$ 2,008,836	\$ 7,834,261
Restricted cash and investments	<u>160,692</u>	<u>-</u>	<u>7,667,297</u>
Cash and Cash Equivalents - June 30, 2017	<u>\$ 251,260</u>	<u>\$ 2,008,836</u>	<u>\$ 15,501,558</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, 2017

	<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)	\$ 1,025,257	\$ 831,097	\$ (59,892)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	390,478	298,110	431,893
Pension expense	(18,528)	(6,321)	(6,600)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(11,848)	(63,415)	(52,441)
(Increase) decrease in prepaid expenses	379	565	565
Decrease in inventory	-	-	-
Increase (decrease) in accounts payable	(154,589)	(114,575)	57,308
Increase in unearned revenue	-	-	-
Increase (decrease) in deposits payable	15,030	-	-
Increase in accrued wages	1,641	1,149	633
Increase (decrease) in compensated absences	<u>2,864</u>	<u>5,215</u>	<u>3,934</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,250,684</u>	<u>\$ 951,825</u>	<u>\$ 375,400</u>
Supplementary information:			
Capital assets purchased through payables	<u>\$ 2,001,701</u>	<u>\$ -</u>	<u>\$ -</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, 2017

	Airport	Other Enterprise Funds	Totals
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u>			
Operating Income (loss)	\$ (247,216)	\$ (99,262)	\$ 1,449,984
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	309,697	127,937	1,558,115
Pension expense	(1,447)	(637)	(33,533)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(3,698)	(32,914)	(164,316)
(Increase) decrease in prepaid expenses	(195)	(2,554)	(1,240)
Decrease in inventory	23,458	-	23,458
Increase (decrease) in accounts payable	(21,406)	35,492	(197,770)
Increase in unearned revenue	-	84	84
Increase (decrease) in deposits payable	636	(700)	14,966
Increase in accrued wages	19	194	3,636
Increase (decrease) in compensated absences	(12)	933	12,934
Net Cash Provided by (Used for) Operating Activities	\$ 59,836	\$ 28,573	\$ 2,666,318
Supplementary information:			
Capital assets purchased through payables	\$ -	\$ -	\$ 2,001,701

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Private- Purpose Trust Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash and investments (Note 2)	\$ -	\$ 2,177,558
Interest receivable	-	44
Restricted cash and investments (Note 2)	<u>-</u>	<u>2,138,082</u>
Total Assets	<u>\$ -</u>	<u>\$ 4,315,684</u>
<u>LIABILITIES</u>		
Accounts payable and other liabilities	\$ -	\$ 79,289
Cash overdraft / Due to the City	232,417	-
Funds held in trust	<u>-</u>	<u>4,236,395</u>
Total Liabilities	<u>\$ 232,417</u>	<u>\$ 4,315,684</u>
<u>NET POSITION</u>		
Held in trust for private purposes	<u>\$ (232,417)</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, 2017

	<u>Private- Purpose Trust Fund</u>
<u>ADDITIONS</u>	
Taxes and assessments	\$ <u>64,962</u>
Total Additions	<u>64,962</u>
<u>DEDUCTIONS</u>	
Total Deductions	<u>-</u>
Change in Fiduciary Net Position	64,962
Fiduciary Net Position - July 1, 2016	<u>(297,379)</u>
Fiduciary Net Position - June 30, 2017	<u>\$ (232,417)</u>

See accompanying notes to the basic financial statements.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017

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 its blended component unit. 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, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

The City reports the following major governmental fund 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.

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.

Northwest (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 deferred outflows of resources and all liabilities and deferred inflows of resources (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, 2017

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, 2017

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, 2017

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, 2017

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 Net 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 Net 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) plan (the Plan) and additions to/deductions from the Plan's 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, 2017

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 and deferred outflows of resources over all its liabilities and deferred inflows of resources, 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, 2017

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, 2016, the City implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 77

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement Information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The City did not have any such agreements as of June 30, 2017.

Government Accounting Standards Board Statement No. 80

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units - an Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The City does not have such a component unit; therefore is not affected by the implementation of this standard.

R. Future Government Accounting Standards Board Statements

These statements are not effective until July 1, 2017 or later. The City has not determined the effects on the financial statements.

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.

Government Accounting Standards Board Statement No. 83

In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. 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, 2019.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government Accounting Standards Board Statement No. 84

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. 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, 2020.

Government Accounting Standards Board Statement No. 85

In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). 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.

Government Accounting Standards Board Statement No. 86

In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishments Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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, 2019.

Government Accounting Standards Board Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. 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, 2021.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2017 were classified in the accompanying financial statements as follows:

	<u>Cash and Investments</u>	<u>Restricted Cash and Investments</u>	<u>Cash overdraft</u>	<u>Total</u>
Governmental activities	\$ 10,809,121	\$ -	\$ -	\$ 10,809,121
Business-type activities	<u>7,834,261</u>	<u>7,667,297</u>	<u>-</u>	<u>15,501,558</u>
Total government-wide cash and investments	<u>18,643,382</u>	<u>7,667,297</u>	<u>-</u>	<u>26,310,679</u>
Fiduciary activities	<u>2,177,558</u>	<u>2,138,082</u>	<u>(232,417)</u>	<u>4,083,223</u>
Total cash and investments	<u>\$ 20,820,940</u>	<u>\$ 9,805,379</u>	<u>\$ (232,417)</u>	<u>\$ 30,393,902</u>

Cash and investments were carried at fair value as of June 30, 2017 and consisted of the following:

Cash on hand	\$ 600
Cash in banks	<u>20,441,503</u>
Total cash	<u>20,442,103</u>
Money market funds	2,138,082
Local Agency Investment Fund (LAIF)	<u>7,813,717</u>
Total investments	<u>9,951,799</u>
Total cash and investments	<u>\$ 30,393,902</u>

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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Credit Quality</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in one Issuer</u>
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	30%	No Limit
California Local Agency Investment Fund	N/A	N/A	No Limit	\$40,000,000 per account
Passbook Savings Account Demand Deposits	N/A	N/A	No Limit	No Limit

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

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

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>
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.

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's money market funds held by bond trustees were measured using Level 2 inputs at June 30, 2017.

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.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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, 2017:

	<u>Remaining Maturity</u>		
	<u>12 months or less</u>	<u>1-5 years</u>	<u>Fair Value</u>
Local Agency Investment Fund	\$ 7,813,717	\$ -	\$ 7,813,717
Held by bond trustee:			
Money market funds	<u>2,138,082</u>	<u>-</u>	<u>2,138,082</u>
	<u>\$ 9,951,799</u>	<u>\$ -</u>	<u>\$ 9,951,799</u>

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, 2017.

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.

	<u>Total</u>	<u>Rating as of Fiscal Year End</u>		
		<u>S&P</u>	<u>Moody's</u>	<u>N/A</u>
Local Agency Investment Fund	\$ 7,813,717			Not rated
Held by bond trustee:				
Money market funds	<u>2,138,082</u>	AAAm	Aaa-mf	
	<u>\$ 9,951,799</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.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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, 2017, the carrying amount of the City's deposits was \$20,441,503 and bank balances were \$20,275,699, of which \$500,000 was insured by FDIC coverage limits.

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

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 the loans arising from these programs at June 30, 2017 totaled \$100,000. The loans have varying maturity dates and interest rates, depending on loan agreements. The balance of the notes receivable has 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.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4: INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2017 was as follows:

Due to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Description</u>	<u>Amount</u>
General Fund	Capital Projects	Overdrawn cash balances	\$ 171,238
	ATOD Grant	Overdrawn cash balances	8,747
	Storm Drain	Overdrawn cash balances	<u>17,648</u>
Total Due to/From			\$ <u>197,633</u>

Advances to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Army Base Reuse	\$ 172,799
General Fund	Airport	<u>801,656</u>
Total Governmental Major Fund Advances		<u>974,455</u>
Municipal Improvement	Airport	153,507
Municipal Improvement	Beach Drive Treatment	906,579
Parks and Recreation	Beach Drive Treatment	<u>40,000</u>
Total Governmental Non-Major Fund Advances		<u>1,100,086</u>
Water	Airport	38,704
Water	Beach Drive Treatment	160,000
Beach Drive Treatment	Airport	<u>38,704</u>
Total Proprietary Major Fund Advances		\$ <u>237,408</u>

The above advances were all made in prior years. In March 2016, the City Council approved an interfund repayment schedule for the above advances. Principal and interest payments are made annually at 0.34%, using a simple average interest method, unless waived by Council due to insufficient funds. Advances are set to be repaid by 2025.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4: INTERFUND TRANSACTIONS (CONTINUED)

Interfund Transfers to/from Other Funds

Transfers between funds during the fiscal year ended June 30, 2017 were as follows:

<u>Transfer from</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
<u>Governmental Funds</u>			
General Fund	Landfill Closure	Postclosure maintenance	\$ 334,896
Total Major Governmental Interfund Transfers			334,896
Personnel Services District	Vehicle Replacement	Fire truck reserves	\$ 35,000
Vehicle Replacement	Storm drain	Grant funded purchase	7,786
Vehicle Replacement	Gas Tax	Grant funded purchase	7,786
Vehicle Replacement	Water	Grant funded purchase	15,573
Vehicle Replacement	Beach Drive Treatment	Grant funded purchase	15,573
Vehicle Replacement	NW Wastewater	Grant funded purchase	15,573
Capital Projects	Gas Tax	Project reimbursement	19,975
Parks and Recreation	Capital Projects	Capital project funding	58,881
Municipal Improvements	Capital Projects	Capital project funding	278,283
Hazardous Waste	Landfill Closure	Postclosure maintenance	9,600
Total Non- Major Governmental Interfund Transfers			464,030
<u>Proprietary Funds</u>			
Water	Vehicle Replacement	Fire truck reserves	25,000
Transit	NW Wastewater	Rental payment	3,000
Total Proprietary Interfund Transfers			28,000
Total Interfund Transfers			\$ 826,926

Intra-Fund Transfers between Funds

The following table represents intra-fund transfers made during the fiscal year ended June 30, 2017:

<u>Transfer from</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
Measure O	General Fund	Payroll and benefits funded by Measure O	\$ 2,911,704

Intra-fund transfers are not presented on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the governmental funds as they are presented on a net basis.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5: CAPITAL ASSETS

Governmental activities:

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2017</u>
Capital assets not being depreciated					
Land	\$ 1,968,598	\$ -	\$ -	\$ -	\$ 1,968,598
Construction-in-progress	<u>271,752</u>	<u>506,017</u>	<u>-</u>	<u>(497,192)</u>	<u>280,577</u>
Total capital assets not being depreciated	<u>2,240,350</u>	<u>506,017</u>	<u>-</u>	<u>(497,192)</u>	<u>2,249,175</u>
Capital assets being depreciated					
Buildings and improvements	4,714,945	-	-	286,837	5,001,782
Vehicles	2,324,082	96,741	(62,170)	-	2,358,653
Machinery and equipment	1,152,724	13,523	-	-	1,166,247
Infrastructure	<u>5,147,139</u>	<u>-</u>	<u>-</u>	<u>210,355</u>	<u>5,357,494</u>
Total capital assets being depreciated	<u>13,338,890</u>	<u>110,264</u>	<u>(62,170)</u>	<u>497,192</u>	<u>13,884,176</u>
Less accumulated depreciation					
Buildings and improvements	(2,982,738)	(165,881)	-	-	(3,148,619)
Vehicles	(1,829,362)	(161,954)	51,868	-	(1,939,448)
Machinery and Equipment	(1,026,422)	(37,737)	-	-	(1,064,159)
Infrastructure	<u>(1,136,118)</u>	<u>(183,609)</u>	<u>-</u>	<u>-</u>	<u>(1,319,727)</u>
Total accumulated depreciation	<u>(6,974,640)</u>	<u>(549,181)</u>	<u>51,868</u>	<u>-</u>	<u>(7,471,953)</u>
Total Capital Assets, Net	<u>\$ 8,604,600</u>	<u>\$ 67,100</u>	<u>\$ (10,302)</u>	<u>\$ -</u>	<u>\$ 8,661,398</u>

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

Governmental Activities:

General administration	\$ 69,152
Public safety	218,289
Parks and recreation	121,095
Development	3,659
Public works	<u>136,986</u>
Total governmental activities depreciation expense	<u>\$ 549,181</u>

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5: CAPITAL ASSETS (CONTINUED)

Business-type activities:

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2017</u>
Nondepreciable assets:					
Land	\$ 552,108	\$ -	\$ -	\$ -	\$ 552,108
Construction-in-progress	<u>4,172,445</u>	<u>3,946,691</u>	-	<u>(5,502,485)</u>	<u>2,616,651</u>
Total nondepreciable assets	<u>4,724,553</u>	<u>3,946,691</u>	-	<u>(5,502,485)</u>	<u>3,168,759</u>
Capital assets being depreciated					
Buildings and improvements	53,995,251	-	-	-	53,995,251
Runways	11,537,920	-	-	-	11,537,920
Machinery and equipment	1,600,518	-	-	-	1,600,518
Vehicles	596,162	272,938	-	-	869,100
Infrastructure	<u>12,263,305</u>	-	-	<u>5,502,485</u>	<u>17,765,790</u>
Total capital assets being depreciated	<u>79,993,156</u>	<u>272,938</u>	-	<u>5,502,485</u>	<u>85,768,579</u>
Less accumulated depreciation					
Buildings and improvements	(12,632,932)	(623,404)	-	-	(13,256,336)
Runways	(4,714,122)	(285,516)	-	-	(4,999,638)
Machinery and equipment	(1,491,526)	(18,950)	-	-	(1,510,476)
Vehicles	(387,676)	(156,595)	-	-	(544,271)
Infrastructure	<u>(1,608,656)</u>	<u>(473,650)</u>	-	-	<u>(2,082,306)</u>
Total accumulated depreciation	<u>(20,834,912)</u>	<u>(1,558,115)</u>	-	-	<u>(22,393,027)</u>
Total Capital Assets, Net	<u>\$ 63,882,797</u>	<u>\$ 2,661,514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,544,311</u>

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

Water	\$ 390,478
Beach Drive Treatment Facility	298,110
NW Wastewater Treatment Facility	431,893
Airport	309,697
Business Park	13,616
Transit	<u>114,321</u>
Total business-type activities depreciation expense	<u>\$ 1,558,115</u>

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017:

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Reductions/ Adjustments</u>	<u>Balance June 30, 2017</u>	<u>Current Portion</u>
Governmental activities:					
Compensated absences	\$ 334,669	\$ 184,389	\$ (186,492)	\$ 332,566	\$ 73,539
1997 Firehouse General Obligation Bonds	57,000	-	(28,000)	29,000	29,000
City Manager Vehicle Lease	11,029	-	(11,029)	-	-
Police Vehicle Leases	139,527	-	(67,995)	71,532	71,532
PG&E Retrofit Loan	18,377	-	(2,423)	15,954	2,424
Fire Truck Loan	74,707	-	(34,971)	39,736	36,592
Total Governmental activities	<u>\$ 635,309</u>	<u>\$ 184,389</u>	<u>\$ (330,910)</u>	<u>\$ 488,788</u>	<u>\$ 213,087</u>

	<u>Balance at July 1, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Current Portion</u>
Business-type activities:					
Compensated absences	\$ 92,352	\$ 58,376	\$ (45,442)	\$ 105,286	\$ 23,281
Land Capital Lease	99,355	-	(6,000)	93,355	6,000
Wastewater Installment Purchase Agreement	1,040,000	-	(65,000)	975,000	65,000
Water Meter Installment Purchase Agreement	-	3,990,000	(185,000)	3,805,000	220,000
Total Business-type activities	<u>\$ 1,231,707</u>	<u>\$ 4,048,376</u>	<u>\$ (301,442)</u>	<u>\$ 4,978,641</u>	<u>\$ 314,281</u>

A description of the long-term liabilities related to governmental activities at June 30, 2017 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>
2018	\$ <u>29,000</u>	\$ <u>925</u>	\$ <u>29,925</u>

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017 was \$71,532. The vehicles are included in capital assets at a net book value of \$90,895.

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. In July 2016, the City terminated the lease and returned the vehicle to the dealer. No payments were made for the year ended June 30, 2017.

Future debt service payments are as follows:

Vehicle Leases			
For the Year Ending June 30,	Principal	Interest	Total
2018	\$ <u>71,532</u>	\$ <u>3,720</u>	\$ <u>75,252</u>

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
2018	\$ 2,424	\$ -	\$ 2,424
2019	2,424	-	2,424
2020	2,424	-	2,424
2021	2,424	-	2,424
2022	2,424	-	2,424
2023 - 2024	<u>3,834</u>	<u>-</u>	<u>3,834</u>
Total	\$ <u>15,954</u>	\$ <u>-</u>	\$ <u>15,954</u>

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
2018	\$ 36,592	\$ 1,040	\$ 37,632
2019	<u>3,144</u>	<u>12</u>	<u>3,156</u>
Total	\$ <u>39,736</u>	\$ <u>1,052</u>	\$ <u>40,788</u>

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

Total Governmental Activities Long-Term Liabilities Amortization

Total Governmental Activities			
For the Year Ending June 30,	Principal	Interest	Total
2018	\$ 139,548	\$ 5,685	\$ 145,233
2019	5,568	12	5,580
2020	2,424	-	2,424
2021	2,424	-	2,424
2022	2,424	-	2,424
2023 - 2024	<u>3,834</u>	<u>-</u>	<u>3,834</u>
Total	\$ <u>156,222</u>	\$ <u>5,697</u>	\$ <u>161,919</u>

A description of the long-term liabilities related to business-type activities at June 30, 2017 follows:

B. Business-type Activities

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 a 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
2018	\$ 6,000	\$ -	\$ 6,000
2019	6,000	-	6,000
2020	6,000	-	6,000
2021	6,000	-	6,000
2022	6,000	-	6,000
2023 - 2027	30,000	-	30,000
2028 - 2032	30,000	-	30,000
2033 - 2037	<u>3,355</u>	<u>-</u>	<u>3,355</u>
Total	\$ <u>93,355</u>	\$ <u>-</u>	\$ <u>93,355</u>

Wastewater Installment Purchase Agreement

In December 2015, the City entered into an installment purchase agreement for the purpose of refunding its portion of the installment payments due under the 2000 Installment Purchase Agreement and Indenture related to the 2000 Water and Wastewater Revenue Bonds. The refunding provides a net savings of approximately \$181,000 with a net present value of approximately \$153,000 or 14.47% of the prior bonds being refunded. The refunding also lowers overall debt service by approximately \$12,431 per year from FY 2016 to FY 2029. The difference between the reacquisition price and the net carrying amount of the old debt of \$47,031 has been recorded as a deferred outflow of resources on the Statement of Net Position and is being amortized over the life of the installment purchase agreement. The installment purchase agreement is secured by a pledge of net revenues from the Sewer Enterprise Fund. Installment payments of principal and interest are due annually on October 1 through October 1, 2029. Interest is charged at an effective interest rate of 3.010% per annum.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

The City covenants that it shall prescribe, revise, and collect charges for the wastewater system, that after allowances for contingencies, produces revenues sufficient in each fiscal year to provide net revenues to at least 1.20 times (120%) the sum of (i) the 2015 Installment Payments becoming due and payable in such fiscal year, and (ii) all debt service. The coverage for the year ended June 30, 2017 was 1,215%. Future debt service payments are as follows:

Wastewater Installment Purchase Agreement			
For the Year Ending June 30,	Principal	Interest	Total
2018	\$ 65,000	\$ 29,348	\$ 94,348
2019	60,000	27,391	87,391
2020	65,000	25,585	90,585
2021	70,000	23,629	93,629
2022	70,000	21,522	91,522
2023 - 2027	385,000	74,648	459,648
2028 - 2032	<u>260,000</u>	<u>15,803</u>	<u>275,803</u>
Total	\$ <u>975,000</u>	\$ <u>217,926</u>	\$ <u>1,192,926</u>

Water Meter Installment Purchase Agreement

In July 2016, the City entered into an installment purchase agreement for the purpose of financing the acquisition and installation of consumer water meters in the amount of \$3,990,000. The installment purchase agreement is secured by a pledge of net revenues from the Water Enterprise Fund. Semi-annual installment payments of principal and interest are due each December 1 and June 1 through December 2031. Interest is charged at an effective interest rate of 2.43% per annum.

The City covenants that it shall prescribe, revise, and collect charges for the water system, that after allowances for contingencies, produces revenues sufficient in each fiscal year to provide net revenues to at least 1.20 times (120%) the sum of (i) the 2016 Installment Payments becoming due and payable in such fiscal year, and (ii) all debt service. The coverage for the year ended June 30, 2017 was 425%. Future debt service payments are as follows:

Water Meter Installment Purchase Agreement			
For the Year Ending June 30,	Principal	Interest	Total
2018	\$ 220,000	\$ 91,125	\$ 311,125
2019	230,000	85,718	315,718
2020	230,000	80,129	310,129
2021	240,000	74,480	314,480
2022	240,000	68,648	308,648
2023 - 2027	1,320,000	250,777	1,570,777
2028 - 2032	<u>1,325,000</u>	<u>81,709</u>	<u>1,406,709</u>
Total	\$ <u>3,805,000</u>	\$ <u>732,586</u>	\$ <u>4,537,586</u>

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

Total Business-Type Long-Term Liabilities Amortization

Total Business-Type Activities			
For the Year Ending June 30,	Principal	Interest	Total
2018	\$ 291,000	\$ 120,473	\$ 411,473
2019	296,000	113,109	409,109
2020	301,000	105,714	406,714
2021	316,000	114,761	430,761
2022	316,000	90,170	406,170
2023 - 2027	1,735,000	325,425	2,060,425
2028 - 2032	1,615,000	97,512	1,712,512
2033 - 2037	<u>3,355</u>	<u>-</u>	<u>3,355</u>
Total	<u>\$ 4,873,355</u>	<u>\$ 967,164</u>	<u>\$ 5,840,519</u>

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, 2017 were as follows:

Community Facilities District No. 2004-1	\$ 12,615,000
Community Facilities District No. 2006-1	12,515,000
Reassessment District No. 2007-1R Refunding Bonds	<u>722,100</u>
Total Special Assessment Debt	<u>\$ 25,852,100</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 Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors five rate plans (two miscellaneous and three safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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 rate plan provisions and benefits in effect at June 30, 2017 are summarized as follows:

Hire Date	Miscellaneous	
	Classic Prior to January 1, 2013	(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*	23.367%	6.555%

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*	48.122%	12.119% (Fire) 12.098% (Police)

* The employer contribution rate includes the employer's normal cost rate and unfunded accrued liability.

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 the Plan 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. The City's contributions to the Plan for the year ending June 30, 2017 were \$773,902.

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

As of June 30, 2017, the City reported net pension liability for its proportionate share of the net pension liability of the Plan of \$5,588,692.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 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 plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016 was as follows:

Proportion - June 30, 2015	0.06617%
Proportion - June 30, 2016	0.06459%
Change - Increase (Decrease)	(0.00158)%

For the year ended June 30, 2017, the City recognized pension expense of \$270,427. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 773,902	\$ -
Difference between actual contributions made by employer and the employer's proportionate share of the risk pool's total contribution	219,404	-
Differences between actual and expected experience	-	28,021
Changes in assumptions	-	246,690
Adjustment due to differences in proportions	152,033	99,990
Net differences between projected and actual earnings on plan investments	<u>1,238,782</u>	<u>-</u>
Total	<u>\$ 2,384,121</u>	<u>\$ 374,701</u>

\$773,902 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Measurement Period Ended June 30,</u>		
2017	\$	187,685
2018	\$	157,726
2019	\$	568,247
2020	\$	321,860

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% net of pension plan investment 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, 2015 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.

Changes in Assumptions

There were no changes of assumptions during the measurement period ended June 30, 2016. Deferred inflows of resources for changes in assumptions presented in the deferred outflows/inflows table above represents the portion of the changes of assumptions related to prior measurement periods.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of the 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. The tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS website under the GASB 68 section.

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

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8: DEFINED BENEFIT PENSION PLAN (CONTINUED)

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) 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 PERF 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 equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects 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. The target allocation shown was adopted by the Board effective on July 1, 2015.

<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	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	(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 the Plan, calculated using the discount rate for the 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></u>	<u>Discount Rate -1%</u> <u>(6.65%)</u>	<u>Current Discount Rate</u> <u>(7.65%)</u>	<u>Discount Rate +1%</u> <u>(8.65%)</u>
Net Pension Liability (Asset)	\$ 8,434,762	\$ 5,588,692	\$ 3,245,271

Pension Plan Fiduciary Net Position

Detailed information about the 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, 2017

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. A retired full-time City employee is permitted to participate in the City Health, dental, and vision programs provided the retiree pays his or her entire premium, less the employer mandatory contribution. In addition, retirees with 15 years of continuous service are eligible to receive one year of fully paid City health, dental and vision coverage. If the retiree becomes eligible for Medicare, these benefits are integrated with the Medicare plan.

Funding Policy

As of June 30, 2016, the most recent actuarial valuation date, the funding status of the plan, was as follows:

Actuarial accrued liability (AAL)	\$ 757,861
Actuarial value of assets	<u> -</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 757,861</u></u>
Funded ratio	0 %
Covered payroll	\$ 3,767,090
UAAL as a percentage of covered payroll	20.12 %

Annual OPEB Cost and Net OPEB Obligation

For the year ended June 30, 2017, the City's annual cost for the healthcare plan was \$234,445. The City's annual OPEB cost contributed to the plan and the net OPEB obligation for the year ended June 30, 2017 were as follows:

Annual required contribution	
Service cost at year-end	\$ 193,197
30-year amortization of funded liability	<u>46,723</u>
Total annual required contribution	<u>239,920</u>
Interest on net OPEB obligation	31,411
Adjustment to net OPEB obligation	<u>(36,886)</u>
Total annual OPEB cost	<u>234,445</u>
Employer contributions	(14,979)
Net OPEB obligation, July 1, 2016	<u>628,221</u>
Net OPEB obligation, June 30, 2017	<u><u>\$ 847,687</u></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, 2015	\$ 92,487	\$ 15,449	17 %	\$ 415,957
June 30, 2016	\$ 229,408	\$ 17,144	7 %	\$ 628,221
June 30, 2017	\$ 234,445	\$ 14,979	6 %	\$ 847,687

CITY OF RIO VISTA
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

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, 2016 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) salary increases of 1% per year; (b) a discount rate of 5%; (c) assumed retirement age of 60; (d) medical premium inflation rates of 2% 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 24-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, 2017

NOTE 10: FUND BALANCE (CONTINUED)

As of June 30, 2017, fund balances consisted of the following:

	<u>General Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Nonspendable:			
Prepays and Supplies	\$ 33,113	\$ 1,575	\$ 34,688
Advances	<u>974,455</u>	<u>1,100,086</u>	<u>2,074,541</u>
Total Nonspendable	<u>1,007,568</u>	<u>1,101,661</u>	<u>2,109,229</u>
Restricted:			
Economic Development	-	100,572	100,572
Debt Service	-	32,032	32,032
Streets and Capital Projects	-	679,749	679,749
Community Development	-	157,204	157,204
Public Safety	-	<u>378,845</u>	<u>378,845</u>
Total Restricted	<u>-</u>	<u>1,348,402</u>	<u>1,348,402</u>
Committed:			
Vehicle Replacement	<u>-</u>	<u>147,639</u>	<u>147,639</u>
Assigned:			
Transient Occupancy Tax	48,146	-	48,146
Road Way Impact	-	231,336	231,336
Municipal Improvement	-	3,812,555	3,812,555
Hazardous Waste	-	333,926	333,926
Landfill Closure	-	1,004,220	1,004,220
Parks and Recreation	-	<u>921,251</u>	<u>921,251</u>
Total Assigned	<u>48,146</u>	<u>6,303,288</u>	<u>6,351,434</u>
Unassigned	<u>3,099,519</u>	<u>(352,600)</u>	<u>2,746,919</u>
Total	<u>\$ 4,155,233</u>	<u>\$ 8,548,390</u>	<u>\$ 12,703,623</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, 2017

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 \$181,883 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, 2017:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Law Enforcement	\$ 70,754	\$ 83,042	\$ 12,288
Vehicle Replacement	142,500	144,380	1,880
Hazardous Waste	86,670	89,731	3,061
Firehouse Bonds	30,700	30,741	41

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

NOTE 13: DEFICIT FUND BALANCES AND NET POSITION

As of June 30, 2017, the following funds had a fund deficit:

<u>Fund</u>	<u>Deficit</u>
ATOD Grant	\$ 10,042
Capital Projects	10,150
Storm Drain	257,962
Army Base Reuse	74,446

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, 2017, the following proprietary funds had a deficit unrestricted net position:

<u>Fund</u>	<u>Deficit</u>
Water	\$ 27,960
Airport	1,121,008

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, 2017

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 \$5,019,404 in various construction projects that were not complete as of June 30, 2017. Construction completed and paid subsequent to June 30, 2017 on these projects was \$2,288,230.

Delta Rural Fire Protection District

The City entered into an amended contractual agreement to provide fire protection services to the Delta Rural Fire Protection District (the District). The agreement commenced on January 1, 2016 and is effective for 10 years ending December 31, 2025. If either party chooses to terminate the agreement prior to the term of the contract, parties must provide 12-months written notice to the other party. The agreement states that the District shall pay to the City the sum of property tax revenue equal to the amount received by the District from the Sacramento County Auditor-Controller for that fiscal year that is attributable to the District's service area; however, that annual payment amount will be at least \$100,000. The semi-annual payments shall be due on January 1 and June 1, of each year. In addition, 75% of the District's assessment proceeds will be used for capital equipment to support fire protection services. Any equipment purchased from those proceeds shall become the property of the City upon termination of the agreement.

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, 2017, the City has accrued \$1,739,936 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 \$40,245.

NOTE 17: SUBSEQUENT EVENTS

Land Sales

On September 5, 2017, the City finalized a purchase and sale agreement for approximately 1.24 acres of vacant industrial land located at the Business Park for the purchase price of \$217,000. The escrow was closed on October 11, 2017.

On October 3, 2017, the City has four additional purchase and sale agreements, pending escrow close, for approximately 7.4 acres of vacant industrial land located at the Business Park for a total purchase price of \$1,207,800.

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, 2017

	2016 - 2017		Actual Amounts	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final		
<u>REVENUES</u>				
Taxes and assessments	\$ 4,247,300	\$ 4,035,084	\$ 4,241,688	\$ 206,604
License, permits, and fees	869,008	801,108	903,278	102,170
Fines and forfeitures	16,160	16,160	25,206	9,046
Use of money and property	105,320	137,320	133,591	(3,729)
Intergovernmental	7,000	7,000	6,145	(855)
Charges for services	368,215	451,415	452,632	1,217
Other revenues	<u>106,374</u>	<u>130,890</u>	<u>138,513</u>	<u>7,623</u>
Total Revenues	<u>5,719,377</u>	<u>5,578,977</u>	<u>5,901,053</u>	<u>322,076</u>
<u>EXPENDITURES</u>				
Current:				
General administration	995,019	966,319	795,177	171,142
Public safety	3,221,355	3,439,830	3,314,316	125,514
Parks and recreation	262,142	320,142	254,928	65,214
Development	638,696	457,006	438,349	18,657
Public works	463,054	454,854	399,137	55,717
Capital outlay	-	25,767	22,023	3,744
Debt service:				
Principal	72,300	68,000	67,995	5
Interest and fiscal charges	<u>7,000</u>	<u>6,700</u>	<u>6,692</u>	<u>8</u>
Total Expenditures	<u>5,659,566</u>	<u>5,738,618</u>	<u>5,298,617</u>	<u>440,001</u>
Excess (deficiency) of revenues over expenditures	<u>59,811</u>	<u>(159,641)</u>	<u>602,436</u>	<u>762,077</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	4,000	4,000	-	(4,000)
Transfers out	<u>-</u>	<u>(334,896)</u>	<u>(334,896)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>4,000</u>	<u>(330,896)</u>	<u>(334,896)</u>	<u>(4,000)</u>
Net change in fund balance	<u>\$ 63,811</u>	<u>\$ (490,537)</u>	267,540	<u>\$ 758,077</u>
Fund balance - June 30, 2016			<u>3,887,693</u>	
Fund balance - June 30, 2017			<u>\$ 4,155,233</u>	

**CITY OF RIO VISTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

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 Plan, Cost Sharing Defined Benefit Pension Plan
As of June 30, 2017
Last 10 Years ***

	Measurement Period		
	2016	2015	2014
Proportion of the net pension liability	0.06459 %	0.06617 %	0.07212 %
Proportionate share of the net pension liability	\$ 5,588,692	\$ 4,542,224	\$ 4,512,022
Covered - employee payroll	\$ 3,017,116	\$ 2,773,550	\$ 2,037,002
Proportionate share of the net pension liability as a percentage of covered - employee payroll	185.23 %	163.77 %	221.50 %
Plan fiduciary net position as a percentage of the total pension liability	74.06 %	78.40 %	79.82 %

Notes to Schedule:

Changes in assumptions. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

**CITY OF RIO VISTA
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CONTRIBUTIONS
Prepared for the City's Miscellaneous and Safety Plan, Cost Sharing Defined Benefit Pension Plan
As of June 30, 2017
Last 10 Years ***

	Fiscal Year-End		
	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 773,902	\$ 722,340	\$ 678,478
Contributions in relation to the actuarially determined contributions	<u>773,902</u>	<u>722,340</u>	<u>678,478</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	3,214,867	3,017,116	2,773,550
Contributions as a percentage of covered - employee payroll	24.07 %	23.94 %	24.46 %

* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

**CITY OF RIO VISTA
REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF FUNDING PROGRESS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL as a % of Covered Payroll
June 30, 2010	\$ 548,759	\$ -	\$ 548,759	0%	\$ 2,045,769	27 %
June 30, 2013	\$ 773,732	\$ -	\$ 773,732	0%	\$ 2,188,873	35 %
June 30, 2016	\$ 757,861	\$ -	\$ 757,861	0%	\$ 3,767,090	20 %

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 was created to account for the Exchange Funding Agreement with the City of Vacaville, and to be used for the repair and maintenance of local streets and roads. Vacaville agreed to reimburse the City with other less restrictive local transportation funding in exchange for the American Recovery and Reinvestment Act (ARRA) stimulus funds which was awarded to the City.

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

Capital Projects

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

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.

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.

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.

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, 2017

	Special Revenue Funds				
	Law Enforcement	Asset Forfeiture	ATOD Grant	Gas Tax	CDBG Housing Rehabilitation
ASSETS					
Cash and investments	\$ 120,551	\$ 1,154	\$ -	\$ 697,656	\$ 156,874
Accounts receivable	5,299	-	9,201	-	-
Interest receivable	-	1	-	937	330
Prepaid items	850	-	-	-	-
Notes receivable	-	-	-	-	100,000
Advances to other funds	-	-	-	-	-
Total Assets	<u>\$ 126,700</u>	<u>\$ 1,155</u>	<u>\$ 9,201</u>	<u>\$ 698,593</u>	<u>\$ 257,204</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ -	\$ -	\$ 1,037	\$ 17,848	\$ -
Accrued payroll and benefits	1,754	-	258	1,489	-
Unearned revenues	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	-	8,747	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>1,754</u>	<u>-</u>	<u>10,042</u>	<u>19,337</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow of resources	<u>5,299</u>	<u>-</u>	<u>9,201</u>	<u>-</u>	<u>100,000</u>
FUND BALANCES (DEFICITS):					
Nonspendable	850	-	-	-	-
Restricted	118,797	1,155	-	679,256	157,204
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	(10,042)	-	-
Total Fund Balances (Deficits)	<u>119,647</u>	<u>1,155</u>	<u>(10,042)</u>	<u>679,256</u>	<u>157,204</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 126,700</u>	<u>\$ 1,155</u>	<u>\$ 9,201</u>	<u>\$ 698,593</u>	<u>\$ 257,204</u>

CITY OF RIO VISTA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Special Revenue Funds				Capital Projects
	<u>Street Projects</u>	<u>Personnel Services District</u>	<u>Developers Revolving</u>	<u>FEMA Safer Grant</u>	<u>Capital Projects</u>
ASSETS					
Cash and investments	\$ 11,587	\$ 274,254	\$ 82,077	\$ -	\$ -
Accounts receivable	-	-	29,317	-	11,931
Interest receivable	27	2	-	-	-
Prepaid items	-	725	-	-	-
Notes receivable	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total Assets	<u>\$ 11,614</u>	<u>\$ 274,981</u>	<u>\$ 111,394</u>	<u>\$ -</u>	<u>\$ 11,931</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ -	\$ 8,228	\$ 10,822	\$ -	\$ 11,724
Accrued payroll and benefits	-	7,135	-	-	-
Unearned revenues	11,121	-	-	-	75,000
Deposits payable	-	-	-	-	-
Due to other funds	-	-	-	-	171,238
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>11,121</u>	<u>15,363</u>	<u>10,822</u>	<u>-</u>	<u>257,962</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow of resources	-	-	-	-	11,931
FUND BALANCES (DEFICITS):					
Nonspendable	-	725	-	-	-
Restricted	493	258,893	100,572	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(257,962)
Total Fund Balances (Deficits)	<u>493</u>	<u>259,618</u>	<u>100,572</u>	<u>-</u>	<u>(257,962)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 11,614</u>	<u>\$ 274,981</u>	<u>\$ 111,394</u>	<u>\$ -</u>	<u>\$ 11,931</u>

CITY OF RIO VISTA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Capital Project Funds				
	Vehicle Replacement	Storm Drain	Roadway Impact	Hazardous Waste	Landfill Closure
ASSETS					
Cash and investments	\$ 147,405	\$ 2,954	\$ 231,067	\$ 324,130	\$ 950,878
Accounts receivable	-	4,817	-	28,768	53,195
Interest receivable	234	7	269	292	708
Prepaid items	-	-	-	-	-
Notes receivable	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total Assets	<u>\$ 147,639</u>	<u>\$ 7,778</u>	<u>\$ 231,336</u>	<u>\$ 353,190</u>	<u>\$ 1,004,781</u>
LIABILITIES:					
Accounts payable and accrued expenses	\$ -	\$ 37	\$ -	\$ 19,154	\$ 480
Accrued payroll and benefits	-	243	-	110	81
Unearned revenues	-	-	-	-	-
Deposits payable	-	-	-	-	-
Due to other funds	-	17,648	-	-	-
Advances from other funds	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>17,928</u>	<u>-</u>	<u>19,264</u>	<u>561</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow of resources	-	-	-	-	-
FUND BALANCES (DEFICITS):					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	147,639	-	-	-	-
Assigned	-	-	231,336	333,926	1,004,220
Unassigned	-	(10,150)	-	-	-
Total Fund Balances (Deficits)	<u>147,639</u>	<u>(10,150)</u>	<u>231,336</u>	<u>333,926</u>	<u>1,004,220</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	<u>\$ 147,639</u>	<u>\$ 7,778</u>	<u>\$ 231,336</u>	<u>\$ 353,190</u>	<u>\$ 1,004,781</u>

CITY OF RIO VISTA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2017

	Capital Project Funds			Debt Service	Total Non-major Governmental Funds
	Army Base Reuse	Parks and Recreation	Municipal Improvements	Firehouse Bonds	
ASSETS					
Cash and investments	\$ 90,082	\$ 1,012,119	\$ 3,807,829	\$ 32,029	\$ 7,942,646
Accounts receivable	11,665	-	-	-	154,193
Interest receivable	-	27	5,770	3	8,607
Prepaid items	-	-	-	-	1,575
Notes receivable	-	-	-	-	100,000
Advances to other funds	-	40,000	1,060,086	-	1,100,086
Total Assets	\$ 101,747	\$ 1,052,146	\$ 4,873,685	\$ 32,032	\$ 9,307,107
LIABILITIES:					
Accounts payable and accrued expenses	\$ 11	\$ -	\$ -	\$ -	\$ 69,341
Accrued payroll and benefits	383	-	-	-	11,453
Unearned revenues	-	-	1,044	-	87,165
Deposits payable	3,000	90,895	-	-	93,895
Due to other funds	-	-	-	-	197,633
Advances from other funds	172,799	-	-	-	172,799
Total Liabilities	176,193	90,895	1,044	-	632,286
DEFERRED INFLOWS OF RESOURCES					
Deferred inflow of resources	-	-	-	-	126,431
FUND BALANCES (DEFICITS):					
Nonspendable	-	40,000	1,060,086	-	1,101,661
Restricted	-	-	-	32,032	1,348,402
Committed	-	-	-	-	147,639
Assigned	-	921,251	3,812,555	-	6,303,288
Unassigned	(74,446)	-	-	-	(352,600)
Total Fund Balances (Deficits)	(74,446)	961,251	4,872,641	32,032	8,548,390
Total Liabilities, Deferred Inflows of Resources, and Fund Balances (Deficits)	\$ 101,747	\$ 1,052,146	\$ 4,873,685	\$ 32,032	\$ 9,307,107

CITY OF RIO VISTA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				
	Law Enforcement	Asset Forfeiture	ATOD Grant	Gas Tax	CDBG Housing Rehabilitation
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 170,826	\$ -
Licenses, permits, and fees	-	-	-	-	-
Use of money and property	384	5	92	3,830	1,521
Intergovernmental	100,000	-	49,607	-	-
Other revenue	-	295	-	-	-
Total Revenues	<u>100,384</u>	<u>300</u>	<u>49,699</u>	<u>174,656</u>	<u>1,521</u>
EXPENDITURES					
Current:					
Public safety	83,042	-	-	-	-
Parks and recreation	-	-	50,206	-	-
Development	-	-	-	-	-
Public works	-	-	-	260,722	-
Capital outlay	-	-	-	12,466	-
Debt service:					
Principal	-	-	-	2,423	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>83,042</u>	<u>-</u>	<u>50,206</u>	<u>275,611</u>	<u>-</u>
Excess (Deficiency) of Revenues over Expenditures	<u>17,342</u>	<u>300</u>	<u>(507)</u>	<u>(100,955)</u>	<u>1,521</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	27,761	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,761</u>	<u>-</u>
Net change in fund balances	17,342	300	(507)	(73,194)	1,521
Fund balances (deficits) - July 1, 2016	<u>102,305</u>	<u>855</u>	<u>(9,535)</u>	<u>752,450</u>	<u>155,683</u>
Fund balances (deficits) - June 30, 2017	<u>\$ 119,647</u>	<u>\$ 1,155</u>	<u>\$ (10,042)</u>	<u>\$ 679,256</u>	<u>\$ 157,204</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, 2017

	Special Revenue Funds				Capital Projects
	<u>Street Projects</u>	<u>Personnel Services District</u>	<u>Developers Revolving</u>	<u>FEMA Safer Grant</u>	<u>Capital Projects</u>
REVENUES					
Taxes and assessments	\$ -	\$ 436,248	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-	-	-
Use of money and property	74	1,283	285	-	-
Intergovernmental	-	-	-	199,634	247,852
Other revenue	-	-	-	-	10,000
Total Revenues	<u>74</u>	<u>437,531</u>	<u>285</u>	<u>199,634</u>	<u>257,852</u>
EXPENDITURES					
Current:					
Public safety	-	579,170	-	199,634	-
Parks and recreation	-	-	-	-	-
Development	-	-	4,445	-	-
Public works	-	-	-	-	-
Capital outlay	-	30,947	-	-	496,018
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>610,117</u>	<u>4,445</u>	<u>199,634</u>	<u>496,018</u>
Excess (Deficiency) of Revenues over Expenditures	<u>74</u>	<u>(172,586)</u>	<u>(4,160)</u>	<u>-</u>	<u>(238,166)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	337,164
Transfers out	-	(35,000)	-	-	(19,975)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(35,000)</u>	<u>-</u>	<u>-</u>	<u>317,189</u>
Net change in fund balances	74	(207,586)	(4,160)	-	79,023
Fund balances (deficits) - July 1, 2016	<u>419</u>	<u>467,204</u>	<u>104,732</u>	<u>-</u>	<u>(336,985)</u>
Fund balances (deficits) - June 30, 2017	<u>\$ 493</u>	<u>\$ 259,618</u>	<u>\$ 100,572</u>	<u>\$ -</u>	<u>\$ (257,962)</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, 2017

Capital Project Funds					
	<u>Vehicle Replacement</u>	<u>Storm Drain</u>	<u>Roadway Impact</u>	<u>Hazardous Waste</u>	<u>Landfill Closure</u>
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	26,072	26,001	93,542	211,403
Use of money and property	960	34	1,309	1,618	3,748
Intergovernmental	-	-	-	5,000	-
Other revenue	<u>26,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>89,450</u>	<u>26,106</u>	<u>27,310</u>	<u>100,160</u>	<u>215,151</u>
EXPENDITURES					
Current:					
Public safety	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Development	-	-	-	-	-
Public works	-	48,843	41,447	89,731	43,008
Capital outlay	44,458	14,984	-	-	-
Debt service:					
Principal	34,971	-	-	-	-
Interest and fiscal charges	<u>2,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>82,089</u>	<u>63,827</u>	<u>41,447</u>	<u>89,731</u>	<u>43,008</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,361</u>	<u>(37,721)</u>	<u>(14,137)</u>	<u>10,429</u>	<u>172,143</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	60,000	7,786	-	-	-
Transfers out	<u>(62,291)</u>	<u>-</u>	<u>-</u>	<u>(9,600)</u>	<u>344,496</u>
Total Other Financing Sources (Uses)	<u>(2,291)</u>	<u>7,786</u>	<u>-</u>	<u>(9,600)</u>	<u>344,496</u>
Net change in fund balances	5,070	(29,935)	(14,137)	829	516,639
Fund balances (deficits) - July 1, 2016	<u>142,569</u>	<u>19,785</u>	<u>245,473</u>	<u>333,097</u>	<u>487,581</u>
Fund balances (deficits) - June 30, 2017	<u>\$ 147,639</u>	<u>\$ (10,150)</u>	<u>\$ 231,336</u>	<u>\$ 333,926</u>	<u>\$ 1,004,220</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, 2017

	Capital Project Funds			Debt Service	Total Non-major Governmental Funds
	Army Base Reuse	Parks and Recreation	Municipal Improvements	Firehouse Bonds	
REVENUES					
Taxes and assessments	\$ -	\$ -	\$ -	\$ 178	\$ 607,252
Licenses, permits, and fees	-	138,358	434,563	-	929,939
Use of money and property	1,133	4,325	23,645	144	44,390
Intergovernmental	-	-	-	-	664,383
Other revenue	<u>23,972</u>	<u>4,200</u>	<u>-</u>	<u>-</u>	<u>64,667</u>
Total Revenues	<u>25,105</u>	<u>146,883</u>	<u>458,208</u>	<u>322</u>	<u>2,310,631</u>
EXPENDITURES					
Current:					
Public safety	-	-	-	-	861,846
Parks and recreation	-	-	-	-	50,206
Development	23,983	-	-	-	28,428
Public works	-	8,913	6,905	-	499,569
Capital outlay	-	-	5,423	-	604,296
Debt service:					
Principal	-	-	-	28,000	65,394
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,741</u>	<u>5,401</u>
Total Expenditures	<u>23,983</u>	<u>8,913</u>	<u>12,328</u>	<u>30,741</u>	<u>2,115,140</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,122</u>	<u>137,970</u>	<u>445,880</u>	<u>(30,419)</u>	<u>195,491</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	432,711
Transfers out	<u>-</u>	<u>(58,881)</u>	<u>(278,283)</u>	<u>-</u>	<u>(119,534)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(58,881)</u>	<u>(278,283)</u>	<u>-</u>	<u>313,177</u>
Net change in fund balances	1,122	79,089	167,597	(30,419)	508,668
Fund balances (deficits) - July 1, 2016	<u>(75,568)</u>	<u>882,162</u>	<u>4,705,044</u>	<u>62,451</u>	<u>8,039,722</u>
Fund balances (deficits) - June 30, 2017	<u>\$ (74,446)</u>	<u>\$ 961,251</u>	<u>\$ 4,872,641</u>	<u>\$ 32,032</u>	<u>\$ 8,548,390</u>

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 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, 2017

	<u>Transit</u>	<u>Water Construction</u>	<u>Water Capital Assets</u>	<u>Sewer Capital Assets</u>	<u>Business Park</u>	<u>Totals</u>
<u>ASSETS</u>						
Current Assets:						
Cash and investments	\$ 303,497	\$ 615,327	\$ 155,276	\$ 168,426	\$ 766,310	\$ 2,008,836
Accounts receivable	251,450	-	-	-	4	251,454
Interest receivable	13	1,342	358	11	535	2,259
Prepaid items	2,675	-	-	-	-	2,675
Total Current Assets	<u>557,635</u>	<u>616,669</u>	<u>155,634</u>	<u>168,437</u>	<u>766,849</u>	<u>2,265,224</u>
Non Current Assets:						
Land and construction in progress	-	-	-	-	21,795	21,795
Depreciable assets, net	185,408	-	-	-	409,122	594,530
Total Non Current Assets	<u>185,408</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>430,917</u>	<u>616,325</u>
Total Assets	<u>743,043</u>	<u>616,669</u>	<u>155,634</u>	<u>168,437</u>	<u>1,197,766</u>	<u>2,881,549</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
2017 Pension contributions	65	-	-	-	1,020	1,085
Changes in net pension liability	122	-	-	-	1,978	2,100
Total Deferred Outflows	<u>187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,998</u>	<u>3,185</u>
<u>LIABILITIES</u>						
Current liabilities:						
Accounts payable	96,431	-	-	-	308	96,739
Accrued salary and benefits	215	-	-	-	626	841
Deposit payable	-	-	-	-	10,129	10,129
Unearned revenue	2,917	-	-	-	-	2,917
Compensated absences - current	173	-	-	-	712	885
Total Current Liabilities	<u>99,736</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,775</u>	<u>111,511</u>
Non Current Liabilities:						
Compensated absences - noncurrent	609	-	-	-	2,508	3,117
Net pension liability	279	-	-	-	7,498	7,777
Total Non Current Liabilities	<u>888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,006</u>	<u>10,894</u>
Total Liabilities	<u>100,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,781</u>	<u>122,405</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Changes in net pension liability	189	-	-	-	527	716
<u>NET POSITION</u>						
Net investment in capital assets	185,408	-	-	-	430,917	616,325
Unrestricted	457,009	616,669	155,634	168,437	747,539	2,145,288
Total Net Position	<u>\$ 642,417</u>	<u>\$ 616,669</u>	<u>\$ 155,634</u>	<u>\$ 168,437</u>	<u>\$ 1,178,456</u>	<u>\$ 2,761,613</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, 2017

	<u>Transit</u>	<u>Water Construction</u>	<u>Water Capital Assets</u>	<u>Sewer Capital Assets</u>	<u>Business Park</u>	<u>Totals</u>
<u>OPERATING REVENUES</u>						
Charges for services	\$ 17,294	\$ -	\$ -	\$ -	\$ 270	\$ 17,564
Rents	-	-	-	-	87,364	87,364
Grant revenues	420,322	-	-	-	-	420,322
Other revenues	<u>17,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,368</u>	<u>18,784</u>
Total Operating Revenues	<u>455,032</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,002</u>	<u>544,034</u>
<u>OPERATING EXPENSES</u>						
Salaries & benefits	15,252	-	-	-	38,517	53,769
Contract services	303,132	-	-	-	-	303,132
Supplies & materials	42,179	-	-	-	5,964	48,143
Utilities	-	-	-	-	3,550	3,550
Maintenance & repair	12,617	-	-	-	-	12,617
Professional services	91,422	-	-	-	2,726	94,148
Depreciation	<u>114,321</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,616</u>	<u>127,937</u>
Total Operating Expenses	<u>578,923</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,373</u>	<u>643,296</u>
OPERATING INCOME (LOSS)	<u>(123,891)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,629</u>	<u>(99,262)</u>
<u>NON OPERATING REVENUES (EXPENSES)</u>						
Interest revenue	987	3,699	992	695	3,566	9,939
Capital grants	<u>191,928</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,928</u>
Total Non Operating Revenue	<u>192,915</u>	<u>3,699</u>	<u>992</u>	<u>695</u>	<u>3,566</u>	<u>201,867</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>69,024</u>	<u>3,699</u>	<u>992</u>	<u>695</u>	<u>28,195</u>	<u>102,605</u>
<u>TRANSFERS</u>						
Transfers out	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,000)</u>
Change in net position	66,024	3,699	992	695	28,195	99,605
Net position - July 1, 2016	<u>576,393</u>	<u>612,970</u>	<u>154,642</u>	<u>167,742</u>	<u>1,150,261</u>	<u>2,662,008</u>
Net position - June 30, 2017	<u>\$ 642,417</u>	<u>\$ 616,669</u>	<u>\$ 155,634</u>	<u>\$ 168,437</u>	<u>\$ 1,178,456</u>	<u>\$ 2,761,613</u>

CITY OF RIO VISTA
STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Transit</u>	<u>Water Construction</u>	<u>Water Capital Assets</u>	<u>Sewer Capital Assets</u>	<u>Business Park</u>	<u>Totals</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>						
Cash received from customers	\$ 420,774	\$ -	\$ -	\$ -	\$ 89,730	\$ 510,504
Cash paid to suppliers	(415,976)	-	-	-	(12,676)	(428,652)
Cash paid to employees	(15,251)	-	-	-	(38,028)	(53,279)
Net cash provided by (used for) operating activities	<u>(10,453)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,026</u>	<u>28,573</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>						
Due to (from) other funds	<u>(3,000)</u>	<u>32,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,480</u>
<u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</u>						
Capital contributions	191,928	-	-	-	-	191,928
Acquisition of capital assets	(178,978)	-	-	-	-	(178,978)
Net cash provided by noncapital financing activities	<u>12,950</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,950</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>						
Interest and dividends	<u>982</u>	<u>2,380</u>	<u>640</u>	<u>691</u>	<u>3,033</u>	<u>7,726</u>
Net cash provided by investing activities	<u>982</u>	<u>2,380</u>	<u>640</u>	<u>691</u>	<u>3,033</u>	<u>7,726</u>
Net increase in cash and cash equivalents	<u>479</u>	<u>34,860</u>	<u>640</u>	<u>691</u>	<u>42,059</u>	<u>78,729</u>
Cash and Cash Equivalents - July 1, 2016	<u>303,018</u>	<u>580,467</u>	<u>154,636</u>	<u>167,735</u>	<u>724,251</u>	<u>1,930,107</u>
Cash and Cash Equivalents - June 30, 2017	<u>\$ 303,497</u>	<u>\$ 615,327</u>	<u>\$ 155,276</u>	<u>\$ 168,426</u>	<u>\$ 766,310</u>	<u>\$ 2,008,836</u>

CITY OF RIO VISTA
STATEMENT OF CASH FLOWS (continued)
NON-MAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Transit</u>	<u>Water Construction</u>	<u>Water Capital Assets</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)	\$ (123,891)	\$ -	\$ -	\$ -	\$ 24,629	\$ (99,262)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	114,321	-	-	-	13,616	127,937
Pension expense	(27)	-	-	-	(610)	(637)
Changes in assets and liabilities:						
(Increase) decrease in accounts receivable	(34,342)	-	-	-	1,428	(32,914)
(Increase) decrease in prepaid expenses	(2,610)	-	-	-	56	(2,554)
Increase in unearned revenue	84	-	-	-	-	84
Increase (decrease) in accounts payable	35,984	-	-	-	(492)	35,492
Decrease in deposits payable	-	-	-	-	(700)	(700)
Increase in accrued wages	34	-	-	-	160	194
Increase (decrease) in compensated absences	(6)	-	-	-	939	933
Total adjustments	<u>113,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,397</u>	<u>14,397</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (10,453)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,026</u>	<u>\$ 28,573</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.

Riverwalk Community Facilities District

This fund was created for the purpose of accepting advances of funds to be used for any authorized purpose related to any costs or expenses incurred by the City pertaining to the establishment of the Community Facilities District ("CFD") known as Riverwalk. The major tasks to be performed by the City include (1) coordination of formation of CFD and implementation of Mello-Roos Financing, (2) preparation of rate and method of apportionment, (3) preparation of legal documentation for Mello-Roos financing prior to issuance of bonds, and (4) preparation of appraisal.

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.

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.

Liberty Project Community Facilities District

This fund was created for the purpose of accepting advances of funds to provide Community Facilities District ("CFD") formation services, and collecting the special tax to be levied in each fiscal year on each assessor's Parcel of Taxable Property within CFD No. 2018-1 to fund the annual services Special Tax Requirement.

CITY OF RIO VISTA
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2017

	<u>Riverview Point</u>	<u>Riverwalk Community Facilities District</u>	<u>Summerset</u>	<u>Community Facilities District 2004-1</u>	<u>Community Facilities District 2006-1</u>	<u>Liberty Project</u>	<u>Totals</u>
<u>ASSETS</u>							
Cash and investments	\$ 281,406	\$ 65,865	\$ 171,782	\$ 629,455	\$ 1,017,550	\$ 11,500	\$ 2,177,558
Restricted cash	-	-	-	1,119,724	1,018,358	-	2,138,082
Interest receivable	<u>5</u>	<u>-</u>	<u>12</u>	<u>8</u>	<u>19</u>	<u>-</u>	<u>44</u>
Total Assets	<u>\$ 281,411</u>	<u>\$ 65,865</u>	<u>\$ 171,794</u>	<u>\$ 1,749,187</u>	<u>\$ 2,035,927</u>	<u>\$ 11,500</u>	<u>\$ 4,315,684</u>
<u>LIABILITIES</u>							
Accounts payable	\$ 200	\$ 65,865	\$ -	\$ 1,014	\$ 710	\$ 11,500	\$ 79,289
Agency obligations	<u>281,211</u>	<u>-</u>	<u>171,794</u>	<u>1,748,173</u>	<u>2,035,217</u>	<u>-</u>	<u>4,236,395</u>
Total Liabilities	<u>\$ 281,411</u>	<u>\$ 65,865</u>	<u>\$ 171,794</u>	<u>\$ 1,749,187</u>	<u>\$ 2,035,927</u>	<u>\$ 11,500</u>	<u>\$ 4,315,684</u>

CITY OF RIO VISTA
SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Riverview Point</u>				
ASSETS				
Cash and investments	\$ 281,458	\$ 405,154	\$ 405,206	\$ 281,406
Interest receivable	<u>3</u>	<u>5</u>	<u>3</u>	<u>5</u>
Total Assets	<u>\$ 281,461</u>	<u>\$ 405,159</u>	<u>\$ 405,209</u>	<u>\$ 281,411</u>
LIABILITIES				
Accounts payable	\$ 40	\$ 147,785	\$ 147,625	\$ 200
Agency obligations	<u>281,421</u>	<u>150,058</u>	<u>150,268</u>	<u>281,211</u>
Total Liabilities	<u>\$ 281,461</u>	<u>\$ 297,843</u>	<u>\$ 297,893</u>	<u>\$ 281,411</u>
<u>Riverwalk Community Facilities District</u>				
ASSETS				
Cash and investments	\$ <u>77,129</u>	\$ <u>10,228</u>	\$ <u>21,492</u>	\$ <u>65,865</u>
Total Assets	<u>\$ 77,129</u>	<u>\$ 10,228</u>	<u>\$ 21,492</u>	<u>\$ 65,865</u>
LIABILITIES				
Accounts payable	\$ <u>77,129</u>	\$ <u>10,228</u>	\$ <u>21,492</u>	\$ <u>65,865</u>
Total Liabilities	<u>\$ 77,129</u>	<u>\$ 10,228</u>	<u>\$ 21,492</u>	<u>\$ 65,865</u>
<u>Summerset</u>				
ASSETS				
Cash and investments	\$ 171,592	\$ 231	\$ 41	\$ 171,782
Interest receivable	<u>6</u>	<u>12</u>	<u>6</u>	<u>12</u>
Total Assets	<u>\$ 171,598</u>	<u>\$ 243</u>	<u>\$ 47</u>	<u>\$ 171,794</u>
LIABILITIES				
Agency obligations	\$ <u>171,598</u>	\$ <u>196</u>	\$ <u>-</u>	\$ <u>171,794</u>
Total Liabilities	<u>\$ 171,598</u>	<u>\$ 196</u>	<u>\$ -</u>	<u>\$ 171,794</u>
<u>Community Facilities District 2004-1</u>				
ASSETS				
Cash and investments	\$ 611,964	\$ 2,652,437	\$ 2,634,946	\$ 629,455
Restricted cash and investments	1,118,146	4,004	2,426	1,119,724
Interest receivable	<u>5</u>	<u>8</u>	<u>5</u>	<u>8</u>
Total Assets	<u>\$ 1,730,115</u>	<u>\$ 2,656,449</u>	<u>\$ 2,637,377</u>	<u>\$ 1,749,187</u>
LIABILITIES				
Accounts payable	\$ 40	\$ 1,127,575	\$ 1,126,601	\$ 1,014
Agency obligations	<u>1,730,075</u>	<u>1,146,722</u>	<u>1,128,624</u>	<u>1,748,173</u>
Total Liabilities	<u>\$ 1,730,115</u>	<u>\$ 2,274,297</u>	<u>\$ 2,255,225</u>	<u>\$ 1,749,187</u>

CITY OF RIO VISTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (continued)
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Balance</u> <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2017</u>
<u>Community Facilities District 2006-1</u>				
ASSETS				
Cash and investments	\$ 1,008,512	\$ 2,450,313	\$ 2,441,275	\$ 1,017,550
Restricted cash and investments	1,016,923	3,674	2,239	1,018,358
Interest receivable	<u>11</u>	<u>19</u>	<u>11</u>	<u>19</u>
Total Assets	<u>\$ 2,025,446</u>	<u>\$ 2,454,006</u>	<u>\$ 2,443,525</u>	<u>\$ 2,035,927</u>
LIABILITIES				
Accounts payable	\$ 40	\$ 1,034,638	\$ 1,033,968	\$ 710
Agency obligations	<u>2,025,406</u>	<u>1,045,736</u>	<u>1,035,925</u>	<u>2,035,217</u>
Total Liabilities	<u>\$ 2,025,446</u>	<u>\$ 2,080,374</u>	<u>\$ 2,069,893</u>	<u>\$ 2,035,927</u>
<u>Liberty Project</u>				
ASSETS				
Cash and investments	\$ -	\$ 11,500	\$ -	\$ 11,500
Total Assets	<u>\$ -</u>	<u>\$ 11,500</u>	<u>\$ -</u>	<u>\$ 11,500</u>
LIABILITIES				
Accounts payable	\$ -	\$ 11,500	\$ -	\$ 11,500
Total Liabilities	<u>\$ -</u>	<u>\$ 11,500</u>	<u>\$ -</u>	<u>\$ 11,500</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 2,150,655	\$ 5,529,863	\$ 5,502,960	\$ 2,177,558
Restricted cash and investments	2,135,069	7,678	4,665	2,138,082
Interest receivable	<u>25</u>	<u>44</u>	<u>25</u>	<u>44</u>
Total Assets	<u>\$ 4,285,749</u>	<u>\$ 5,537,585</u>	<u>\$ 5,507,650</u>	<u>\$ 4,315,684</u>
LIABILITIES				
Accounts payable	\$ 77,249	\$ 2,331,726	\$ 2,329,686	\$ 79,289
Agency obligations	<u>4,208,500</u>	<u>2,342,712</u>	<u>2,314,817</u>	<u>4,236,395</u>
Total Liabilities	<u>\$ 4,285,749</u>	<u>\$ 4,674,438</u>	<u>\$ 4,644,503</u>	<u>\$ 4,315,684</u>

OTHER REPORTS



MANN • URRUTIA • NELSON CPAs & ASSOCIATES, LLP
GLENDALE • ROSEVILLE • SACRAMENTO • SOUTH LAKE TAHOE • KAUAI, HAWAII

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, 2017, 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 8, 2017.

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. However, material weaknesses may exist that have not been identified.

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*.

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.

Mann, Wrutia, Nelson CPA's

Sacramento, California
December 8, 2017

CITY OF RIO VISTA
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2017

There were no findings reported that required follow-up for the year ended June 30, 2016.