

# City of Rio Vista

Rio Vista, California

*Basic Financial Statements and Independent  
Auditors' Report*

*For the year ended June 30, 2011*

# City of Rio Vista

## Table of Contents

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	<u>Page</u>
<b><u>Introductory Section</u></b>	
Table of Contents .....	i
<b><u>Financial Section</u></b>	
<b>Independent Auditors' Report</b> .....	<b>1</b>
<b>Management's Discussion and Analysis</b> .....	<b>3</b>
<b>Basic Financial Statements:</b>	
Government-Wide Financial Statements:	
Statement of Net Assets .....	27
Statement of Activities and Changes in Net Assets .....	28
Governmental Funds Financial Statements:	
Balance Sheet .....	35
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets .....	36
Statement of Revenues, Expenditures and Changes in Fund Balances .....	37
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets .....	38
Proprietary Fund Financial Statements:	
Statement of Net Assets .....	40
Statement of Revenues, Expenses and Changes in Net Assets .....	41
Statement of Cash Flows .....	42
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Assets .....	45
Notes to Basic Financial Statements .....	47
<b>Required Supplementary Information:</b>	
Budgetary Comparison Schedule, General Fund .....	83
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Community Development Block Grant Fund .....	84
Budgetary Basis of Accounting .....	85
Defined Benefit Pension Plan .....	85
Other Postemployment Benefit Plan .....	85

# City of Rio Vista

## Table of Contents, Continued

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	<u>Page</u>
<b><u>Financial Section, Continued</u></b>	
<b>Supplementary Information:</b>	
Non-Major Governmental Funds:	
Combining Balance Sheet .....	88
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	92
Non-Major Enterprise Funds:	
Combining Statement of Net Assets .....	96
Combining Statement of Revenues, Expenses and Changes in Net Assets .....	97
Combining Statement of Cash Flows.....	98
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Law Enforcement Special Revenue Fund.....	99
Asset Forfeiture Special Revenue Fund.....	100
ATOD Grant Special Revenue Fund .....	101
Redevelopment Agency Low/Mod Housing Special Revenue Fund.....	102
Redevelopment Agency Special Revenue Fund.....	103
Private Developers Revolving Special Revenue Fund .....	104
Gas Tax Special Revenue Fund.....	105
CDBG Housing Rehabilitation Special Revenue Fund.....	106
Street Projects Special Revenue Fund .....	107
Personnel Services District Special Revenue Fund .....	108
Vehicle Replacement Capital Project Fund .....	109
Storm Drain Capital Project Fund .....	110
Roadway Impact Capital Project Fund .....	111
Municipal Improvements Capital Project Fund .....	112
Hazardous Waste Capital Project Fund.....	113
Landfill Closure Capital Project Fund .....	114
Army Base Reuse Capital Project Fund .....	115
Parks and Recreation Capital Project Fund.....	116
Capital Project Fund .....	117
Firehouse Bond Debt Service Fund .....	118
Agency Funds:	
Combining Statement of Changes in Assets and Liabilities .....	120
<b>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 .....</b>	<b>123</b>
Schedule of Findings and Responses .....	125



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rio Vista, California (City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rio Vista as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Honorable Mayor and Members of City Council  
of the City of Rio Vista  
Rio Vista, California  
Page 2

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for major governmental funds, and funded status of pension and other post-employment benefit plans on pages 3 through 22, pages 83 through 84 and 85 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and budget comparison information for non-major governmental funds are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the budget comparison information for non-major governmental funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.



Badawi and Associates  
Certified Public Accountants  
Oakland, California  
February 12, 2013

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

The Management's Discussion and Analysis provides an overview of the financial reports of the City of Rio Vista ("City") for the fiscal year ended June 30, 2011. The Management's Discussion and Analysis ("MD&A") should be read in conjunction with the Basic Financial Statements ("BFS") and Notes to the Basic Financial Statements ("Notes").

**THE BASIC FINANCIAL STATEMENTS**

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

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

**Government-Wide Financial Statements**

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

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

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

**Fund Financial Statements**

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

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

In the Fund Financial Statements there is a Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets and a Reconciliation of the Governmental Funds Revenues,

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

Expenditures and Change in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets. The two reconciliations provide the link of Governmental Funds in the Funds Financial Statements to the Government-Wide Statements.

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

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

**Accounts and Activities**

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

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

Governmental activities include general government, community development, public safety, public works, recreation, public improvements, planning and zoning, and general administrative services. These services are supported by general City revenues, such as taxes, and by specific program revenue, such as fees and grants. The City is responsible for the financial reporting of the Redevelopment Agency ("RDA") of the City of Rio Vista Agency and the Joint Powers Financing Authority ("JPFA") but there is no activity for the JPFA.

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

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

**FISCAL 2011 FINANCIAL HIGHLIGHTS**

**Analysis of Government-Wide Financial Statements**

Government-Wide

- Total revenues of \$12,802,236 consist of two main types, program and general revenues. Program revenue consists of charges for services, \$8,216,477, operating grants \$425,687, capital grants and contributions, \$450,821, totaling \$8,765,204. General revenues and transfers, which include all taxes, royalties and other non-program specific revenues, were \$4,037,032 in fiscal year 2010-11.
- Total expenditures are \$11,073,247, of which \$5,243,700 are for governmental activity expenditures and \$5,829,547 for business-type activity expenditures.
- The City's change in net assets increased by \$2,009,982 to \$80,677,127 in fiscal year 2010-2011 as compared to net assets of \$78,667,145 in the prior year.
- Comparison of Statement of Net Assets for fiscal years ending June 30:

	<i>2011</i>	<i>2010</i>	<i>Inc (Dec)</i>	<i>%</i>
Cash and Investments	\$ 13,002,919	\$ 11,140,166	\$ 1,862,753	17%
Other Assets	2,542,006	2,237,621	\$ 304,385	14%
Capital Assets	69,685,793	70,352,439	\$ (666,646)	-1%
<b>Total Assets</b>	<b>85,230,718</b>	<b>83,730,226</b>	<b>1,500,492</b>	<b>2%</b>
Long-term debt outstanding	2,601,752	2,578,578	\$ 23,174	1%
Other Liabilities	1,951,839	2,484,503	\$ (532,664)	-21%
<b>Total Liabilities</b>	<b>4,553,591</b>	<b>5,063,081</b>	<b>(509,490)</b>	<b>-10%</b>
<b>Net Assets:</b>				
Invested in capital assets, net of debt	68,159,136	68,611,118	\$ (451,982)	-1%
<b>Restricted for:</b>				
Capital projects	8,124,123	6,455,417	\$ 1,668,706	26%
Debt service	280,407	280,002	\$ 405	0%
Specific projects and programs	1,986,478	1,236,425	\$ 750,053	61%
Unrestricted	2,126,983	2,084,183	\$ 42,800	2%
<b>Total Net Assets</b>	<b>\$ 80,677,127</b>	<b>\$ 78,667,145</b>	<b>\$ 2,009,982</b>	<b>3%</b>



<b>CITY OF RIO VISTA</b> <b>Management's Discussion and Analysis</b>
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Changes in Net Assets by Activity

- Governmental Activities caused a deficit of \$3,701,909 to Change in Net Assets.
- Business-type Activities contributed \$1,393,866 to Change in Net Assets.
- General revenues and transfers contributed \$4,037,032 to Change in Net Assets.

<i>Functions / Programs</i>	<i>2011</i>	<i>2010</i>	<i>Inc (Dec)</i>	<i>%</i>
Government Activities	\$ (3,701,909)	\$ (3,342,685)	\$ (359,224)	11%
Business-type Activities	1,393,866	2,765,706	(1,371,840)	-50%
Total Primary Government	(2,308,043)	(576,979)	(1,731,064)	300%
General revenue and transfers	4,037,032	5,281,027	(1,243,995)	-24%

Restatement of Net Assets

During the current year, the City made the following prior period adjustments to restate its previously issued financial statements:

- General Fund expenditures for audit fees of \$20,050 for the fiscal year 2009-10;
- Transit fund grant revenues for \$48,210;
- Private Developers Revolving Funds reimbursements of \$172,969 from developers and,
- Governmental activities reimbursement of \$79,864 from California Department Parks and Recreation for the Waterfront Promenade Pilot Project Improvement Project.

Government-Wide Financial Statements

	Net Assets, as Previously Reported	Prior Period Adjustments			Net Assets, as Restated
		Expenses	Charges For Services	Grant Revenues	
<b>Governmental Activities</b>					
Net assets	\$ 16,142,999	\$ (20,050)	\$ 172,969	\$ 79,864	\$ 16,375,782
<b>Business-type Activities</b>					
Net assets	\$ 62,524,146	\$ -	\$ -	\$ 48,210	\$ 62,572,356

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

	Fund Balance, as Previously Reported	Prior Period Adjustments			Fund Balance, as Restated
		Expenses	Charges For Services	Grant Revenues	
<b>Governmental Funds:</b>					
General Fund	\$ 1,823,162	\$ (20,050)	\$ -	\$ -	\$ 1,803,112
Private Developers Revolving Loan Fund	\$ 43,574	\$ -	\$ 172,969	\$ -	\$ 216,543
<b>Enterprise Funds:</b>					
Transit	\$ 337,562	\$ -	\$ -	\$ 48,210	\$ 385,772

Additional information on prior period adjustments made in the current year can be found in Note 17 to the Basic Financial Statements.

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

**Governmental Activities Analysis**

Comparison of Governmental Activities in the Statement of Net Assets for fiscal years ending June 30, 2011 and 2010 follows:

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

<i>Governmental Activities</i>	<i>2011</i>	<i>2010</i>	<i>Inc (Dec)</i>	<i>%</i>
Cash and Investments	\$ 5,092,985	\$ 4,949,341	\$ 143,644	3%
Other Assets	5,197,239	4,750,104	447,135	9%
Capital Assets	8,785,160	9,002,316	(217,156)	-2%
<b>Total Assets</b>	<b>19,075,384</b>	<b>18,701,761</b>	<b>373,623</b>	<b>2%</b>
Current Liabilities	1,023,854	1,240,924	(217,070)	-17%
Long-term debt outstanding	1,395,167	1,317,838	77,329	6%
<b>Total Liabilities</b>	<b>2,419,021</b>	<b>2,558,762</b>	<b>(139,741)</b>	<b>-5%</b>
Net Assets:				
Invested in capital assets, net of debt	8,470,625	7,086,587	1,384,038	20%
Restricted for:				
Capital projects	4,691,507	4,768,264	(76,757)	-2%
Debt service	169,571	78,086	91,485	117%
Specific projects and programs	1,986,478	2,305,474	(318,996)	-14%
Unrestricted	1,338,182	14,493	1,323,689	9133%
<b>Total Net Assets</b>	<b>\$ 16,656,363</b>	<b>\$ 16,142,999</b>	<b>\$ 513,364</b>	<b>3%</b>

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

The City's governmental activities include administration, police and fire protection, redevelopment, streets and highways, streets and lighting, corporation yard, building regulations, planning, economic development, public works, parks, swimming pool, recreation and youth center, solid waste and housing. Total expenditures of all governmental activities during fiscal year 2011 was \$5,243,700. This cost was financed by general government revenues of \$3,982,490, charges for services \$665,283, operating grants of \$425,687, and capital grants and contributions \$448,727, for a net asset change of \$280,581.

<b>CITY OF RIO VISTA</b> <b>Management's Discussion and Analysis</b>
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The term net expense is as shown in Statement of Activities and Changes in Net Assets, the net of expenses and program revenue.

- **Administration** – includes expenditures incurred by the City Council, City Manager, City Attorney, City Clerk, City Treasurer, City Hall Buildings and Grounds, Finance and Information Technology, \$539,588.
- **Police Protection** – generated program revenue of \$73,322, received grants of \$100,000, resulting in a net expense of \$1,652,839.
  
- **Fire Protection** – program revenue \$ 175,080, resulting in net expense of \$736,223.
  
- **Redevelopment** – net expense \$482,386.
- **Streets and Highways** – no revenue generated, net expense \$177,094.
- **Streets and Lighting** – program revenue \$36,916, net revenue \$21,706.
- **Corporation Yard** – no revenue generated, net expense \$62,061.
- **Building Regulations** – program revenue \$153,382, net revenue \$75,630.
- **Planning** – program revenue \$77,991, net expense \$63,291.
- **Economic Development** – no revenue generated, net expense \$36,604.
- **Public Works** – program revenue \$225,416, capital grants \$230,220, net revenues \$119,509.
- **Parks** – program revenue \$6,696, received grants \$140,136, net expense \$73,233.
- **Swimming Pool** – no revenue generated, net expenses \$48,982.
- **Recreation and Youth Center** – program revenue \$146,024, received grants \$76,384, net expenses \$136,882.
- **Solid Waste** – program revenue \$92,424, received grants and contributions of \$1,987, net expenses \$143,377.

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

<b>Comparison of</b>				
<b>Statement of Activities and Changes in Net Assets</b>				
<i>Governmental Activities</i>	<i>2011</i>	<i>2010</i>	<i>Inc (Dec)</i>	<i>%</i>
<i>Revenues</i>				
Program Revenues				
Charges for Services	\$ 993,064	\$ 508,772	\$ 484,292	95%
Operating Grants and Contributions	100,000	675,527	(575,527)	-85%
Capital Grants and Contributions	548,727	1,190,390	(641,663)	-54%
General Revenues				
Taxes	3,199,368	3,935,331	(735,963)	-19%
Other Revenues	764,325	1,250,272	(485,947)	-39%
Investment Earnings	18,797	47,177	(28,380)	-60%
Total Revenues	5,624,281	7,607,469	(1,983,188)	-26%
<i>Expenditures</i>				
Administration	539,588	694,075	(154,487)	-22%
Police protection	1,826,161	1,784,017	42,144	2%
Fire protection	911,303	886,066	25,237	3%
Redevelopment	488,199	815,730	(327,531)	-40%
Streets & highways	177,094	157,204	19,890	13%
Streets & lighting	15,210	160,117	(144,907)	-91%
Corporation yard	62,061	81,472	(19,411)	-24%
Building regulations	77,752	75,673	2,079	3%
Planning	141,282	125,255	16,027	13%
Economic development	36,604	70,711	(34,107)	-48%
Public works	336,127	349,430	(13,303)	-4%
Parks	220,065	218,137	1,928	1%
Swimming pool	48,982	26,515	22,467	85%
Recreation and youth center	85,526	114,184	(28,658)	-25%
Solid waste	237,788	105,144	132,644	126%
Interest on long-term debt	39,958	53,644	(13,686)	-26%
Total Expenditures	5,243,700	5,717,374	(473,674)	-8%
Changes in Net Assets				
	280,581	1,890,095	(1,609,514)	-85%
Beginning Net Assets (as restated)				
	16,375,782	14,252,904	2,122,878	15%
Ending Net Assets				
	\$ 16,656,363	\$ 16,142,999	\$ 513,364	3%

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

**Business-Type Activities Analysis**

The City's business-type activities include: Water utilities, wastewater treatment utilities for the facilities located on Beach Drive and the Northwest wastewater treatment plants and other enterprise funds which include a business park, an airport, and the transit system. The following schedule summarizes the financial condition of the City's business-type activities at June 30:

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

<i>Business-Type Activities</i>	<i>2011</i>	<i>2010</i>	<i>Inc (Dec)</i>	<i>%</i>
Cash and Investments	\$ 7,909,934	\$ 6,190,825	\$ 1,719,109	28%
Other Assets	(2,655,233)	(2,512,483)	(142,750)	6%
Capital Assets	60,900,633	61,350,123	(449,490)	-1%
<b>Total Assets</b>	<b>66,155,334</b>	<b>65,028,465</b>	<b>1,126,869</b>	<b>2%</b>
Current Liabilities	927,985	1,243,579	(315,594)	-25%
Long-term debt outstanding	1,206,585	1,260,740	(54,155)	-4%
<b>Total Liabilities</b>	<b>2,134,570</b>	<b>2,504,319</b>	<b>(369,749)</b>	<b>-15%</b>
Net Assets:				
Invested in capital assets, net of debt	59,688,511	60,098,338	(409,827)	-1%
Restricted for:				
Capital projects	3,432,616	1,877,487	1,555,129	83%
Debt service	110,836	110,848	(12)	0%
Specific projects and programs	-	-	-	-
Unrestricted	788,801	437,473	351,328	80%
<b>Total Net Assets</b>	<b>\$ 64,020,764</b>	<b>\$ 62,524,146</b>	<b>\$ 1,496,618</b>	<b>\$ 0</b>

The net assets of business-type activities increased by \$1,496,618 from \$62,524,146 in 2010 to \$64,020,764 in 2011.

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

Program revenue for Business-type activities

- Rate increases for water and sewer usage increased charges for services in business-type activities by 11% or \$688,421.
- Operating Grants and Contributions decreased by \$2,900.
- Capital Grants and Contributions revenues decreased by \$1,250,324.

<b>Comparison of</b>				
<b>Statement of Activities and Changes in Net Assets</b>				
<i>Business-type Activities</i>	<i>2011</i>	<i>2010</i>	<i>Inc (Dec)</i>	<i>%</i>
<i>Revenues</i>				
Program Revenues				
Charges for Services	\$ 6,895,632	\$ 6,207,211	\$ 688,421	11%
Operating Grants and Contributions	325,687	328,587	(2,900)	-1%
Capital Grants and Contributions	2,094	1,252,418	(1,250,324)	-100%
General Revenues				
Investment Earnings	54,542	48,247	6,295	13%
Total Revenues	7,277,955	7,836,463	(558,508)	-7%
<i>Expenditures</i>				
Water	1,665,636	1,438,616	227,020	16%
Beach Sewer	1,606,731	1,373,588	233,143	17%
Northwest Sewer	1,381,121	1,326,910	54,211	4%
Airport	577,462	427,562	149,900	35%
Business Park	64,968	46,149	18,819	41%
Transit	533,629	409,685	123,944	30%
Total Expenditures	5,829,547	5,022,510	807,037	16%
Changes in Net Assets	1,448,408	2,813,953	(1,365,545)	-49%
Beginning Net Assets (as restated)	62,572,356	59,710,193	2,862,163	5%
Ending Net Assets	\$ 64,020,764	\$ 62,524,146	\$ 1,496,618	2%

This table compares fiscal year 2011 with fiscal year 2010 revenues and expenditures and changes in net assets of business-type activities. Expenditures increased from \$5,022,510 to \$5,829,547; while program revenue decreased by \$558,508.

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

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

***Governmental Funds:***

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

Also, there are two reconciliations:

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

Note that the major funds therein are the General Fund, Redevelopment Agency (RDA), and Community Development Block Grant (CDBG) Grant. Minor funds are combined in Other Governmental Funds are prepared on the modified accrual basis. The General Fund is always a major fund, but other funds may change from year to year as a result of changes in the pattern of City activities.

***Proprietary Funds:***

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

Charges for user services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets.

***Fiduciary Fund Statements:***

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



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

**Fund Level Analysis**

**GOVERNMENTAL FUNDS**

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

<b>Financial Highlights of Governmental Funds at Fund Level</b>		
<b>at June 30,</b>		
	<b>2011</b>	<b>2010</b>
Total Assets	\$ 11,787,050	\$11,205,191
Total Liabilities	3,046,193	3,398,520
Total Fund Balances	8,740,857	7,806,671
Total Revenues	5,773,727	\$5,998,020
Total Expenditures	4,992,460	7,230,526
Total Other Financing Sources	-	712,295

At June 30, 2011 the City's Governmental Funds reported combined fund balances of \$8,740,857, an increase of \$934,186 from restated June 30, 2010 fund balance of \$7,806,671.

**General Fund**

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

During the 2010-11 fiscal year, General Fund financing sources included revenues of \$3,786,787. There were transfers-in of \$76,833 in the current year for a total of \$3,863,620 in financing sources. In fiscal year 2009-10, General Fund revenues totaled \$4,332,123, there were proceeds from sale of land \$712,295 and transfers in \$112,909 for a total of \$5,157,327 prior year financing sources. General Fund expenditures totaled \$3,818,287 in the current fiscal year thereby increasing fund balance by \$45,333 for an ending balance of \$1,893,301. Of the ending fund balance for the current year, \$1,108,364 is classified as nonspendable and \$784,937 is unassigned.

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

General Fund revenues decreased by \$545,336 or 31%, from the prior year. General Fund revenues include taxes, licenses and permits, use of money and property, charges for services, intergovernmental, fines/forfeitures, grants, and other. Significant fluctuations from the prior year are noted below:

- **Taxes** – includes property tax, sales tax, transient occupancy tax, real property transfer tax, and the municipal services tax. Taxes decreased \$538,701 or 21% due primarily to a decrease in property taxes as a result of the county wide reassessment of property valuations.
- **Licenses and Permits** – decreased by \$88,550 or 34% under the prior year due to a decrease in building, energy and mechanical permit fees.
- **Use of Money and Property** – decreased from prior year by \$40,270 or 14%. This includes such items as rent income and interest income; it represents income generated via the use of money (interest) or property (rent and royalty payments). The largest revenue source in this category is Natural Gas Royalties, which the City receives for gas extracted from land owned by the City.
- **Charges for Services** – decreased \$113,474, or 27%, from the prior year. This decrease is attributable to a decrease in the development of new residential properties and planning applications submitted for processing.
- **Intergovernmental** – includes revenues received from other branches of government including the Motor Vehicle In-Lieu. This category experienced an increase from the prior year of \$504,730, from the prior year.
- **Fine and forfeitures** – increase from the prior year of \$30,507.
- **Other** – includes revenues from various sources and a decrease from the prior year of \$6,601 was experienced.
- **Grants** – includes grant revenues received from a variety of sources to be used for specific programs or projects. This category experienced a decrease from the prior year of \$292,977, or 43%.

General Fund Expenditures decreased \$1,010,128 from the prior year, or 21%. Significant fluctuations from the prior year are noted below:

- **Administrative** – expenditures decreased by \$218,787, or 34%, from \$650,031 in 2010 to \$431,244 in the current year.
- **Police protection** – expenditures increased slightly by \$23,013, or 1%, from \$1,689,537 in 2010 to \$1,712,550 in the current year.
- **Fire protection** – expenditures decreased by \$42,541, or 5%, from \$839,249 in 2010 to \$796,708 in the current year.
- **Streets and Highways** – expenditures increased \$7,414, or 9%, from \$86,479 in 2010 to \$93,893 in the current year due to street projects initiated.
- **Corporation Yard** – expenditures increased \$20,105 or 25% from \$79,902 in 2010.
- **Building Regulations and Planning** – expenditures increased by \$24,853 or 22%, from a combined total of \$181,391 in 2010 to a combined total of \$156,538 in the current year.
- **Economic Development** – expenditures decreased by \$33,462, or 33%, from \$69,766 in 2010 to \$36,304 in the current year.

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

- **Public Works** – expenditures decreased by \$519,299 or 79% from \$657,678 in 2010 to \$138,379 in the current year.
- **Parks** – expenditures decreased by \$8,136, or 6%, from \$142,397 in 2010 to \$134,261 in 2010.
- **Swimming Pool** – expenditures increased by \$22,705 from \$24,612 in 2010 to \$47,317 in the current year.
- **Recreation and Youth Center** – expenditures decreased by \$21,461 from \$30,199 in 2010 to \$8,738 in 2011.

**Redevelopment Agency**

The Redevelopment Agency (RDA) and RDA Low/Moderate Housing received \$752,003 of tax increment revenue and other income to pay debt service for Redevelopment projects and other project costs totaling \$615,121. The fund balance for both at the beginning of fiscal year 2011 was \$1,534,744 and totaled at the end of 2011 is \$1,693,784.

On December 29, 2011, the Supreme Court of the State of California determined that all California redevelopment agencies be dissolved. Further, Assembly Bill X1 26 was signed into law as part of the State's budget package on June 29, 2011, which requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets, prepare for the impending dissolution of the agency, and transfer all of its assets to a successor agency that is governed by an oversight board representing the various taxing jurisdictions in the community.

On January 10, 2012, the City Council opted to serve as the Successor Agency of the Redevelopment Agency and on January 25, 2012, the City Council adopted *Resolution 2012-011* electing not to retain the housing functions of the RDA. In accordance with California Assembly Bill No. 1484, the City of Rio Vista completed a Due Diligence review for the Low and Moderate Income Housing Fund ("LMIHF") of the RDA Successor Agency and the Other RDA Funds. The City remitted the remaining LMIHF balance of \$919,943 to Solano County in November 2012 and the funds were distributed to the respective taxing agencies.

Additional information on the dissolution of California Redevelopment Agencies can be found in Note 18 to the Basic Financial Statements.

**Community Development Block Grant**

The City received transfers in from other funds for City match of Community Development Block Grant ("CDBG"), \$161,591 during 2010. Project expenditures totaled \$938,293 in 2010 and \$11,859 in 2011. The Fund balance at the beginning of fiscal year 2011 is negative \$855,505 and \$24,775 at the end of 2011. During fiscal year 2011 the City, submitted reimbursement requests for \$727,042 and received reimbursement of \$718,703 subsequent to fiscal year end and the payments are not sufficient to pay for the CDBG expenditures to date.

<b>CITY OF RIO VISTA</b> <b>Management's Discussion and Analysis</b>
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**Governmental Non-Major Funds**

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

<b>Summary of Financial Statements of Governmental Non-Major Funds at Fund Level</b>		
<b>at June 30,</b>		
	<b>2011</b>	<b>2010</b>
Total Assets	\$ 8,628,454	\$ 7,021,893
Total Liabilities	928,061	912,553
Total Fund Balances	7,700,393	6,109,340
Total Revenues	1,972,414	1,012,235
Total Expenditures	1,162,315	661,204
Total Other Financing Sources	(76,833)	(274,500)
Net Change in Fund Balance	\$ 733,266	\$ 76,531

**ENTERPRISE FUNDS**

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

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

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

<b>Proprietary Funds</b>		
<b>Net Operating Income (Loss) for the Year Ended June 30,</b>		
	<b>2011</b>	<b>2010</b>
Water	\$1,136,904	\$1,180,440
Beach Sewer	794,113	659,046
Northwest Sewer	(52,048)	(105,729)
Airport	(295,759)	(216,571)
Other Enterprise Funds	(107,853)	(247,936)
<b>Total</b>	<b>\$1,475,357</b>	<b>\$1,269,250</b>

The Enterprise Funds showed an increase in net operating income (loss) compared to the prior fiscal year. Total Enterprise Fund net operating income (loss) is \$1,475,357, an increase of \$206,107 over last year's results. Each Enterprise Fund showed a significant change from the prior year as discussed below:

**Water** – Net operating income increased to \$1,136,904 due to increased in water rates that became effective in July 2010. Expenditures in the Water Fund increased from the prior fiscal year expenditure of \$1,438,616 to a total of \$1,579,742 in the current fiscal year. Total current year operating revenues of \$2,716,646 were more than total operating expenditures by \$1,579,742. After adding non-operating revenues, including asset contributions, the water fund realized an increase in net assets. The net income generated in the current year increased total net assets to \$14,511,149. Of this amount \$10,586,810 is invested in capital assets, \$2,495,608 restricted for capital projects \$ 1,428,731 is unrestricted.

**Beach Sewer** – The City began accounting for the two sewer systems separately during fiscal year 2009-10 due to issues raised by the public during the rate increase public discussion. Rates were increased in late summer of 2009. The connections to Beach Sewer are core Rio Vista and all new development except for Trilogy which is served by the Northwest Sewer. Total operating revenues \$2,325,177 less total operating expenditures \$1,531,064 for a net operating income of \$794,113. After net non-operating expenditure of \$ 61,058, Beach Sewer had a net change of assets of \$733,055. Adding the change to beginning net assets of \$2,532,695 results in ending net assets of \$3,265,750; of which \$722,050 is restricted for capital projects and \$110,836 is restricted for bond retirement from previous years from Sewer Fund.

**Northwest Sewer** – The City began accounting for the two sewer systems separately during fiscal year 2009-10 due to issues raised by the public during the rate increase public discussion. The Northwest system connections are all located in Trilogy. Rates were increased in late summer of 2009. Total operating revenues \$1,329,073 less total operating expenditures \$ 1,381,121 for a net operating loss of \$ 52,048. Net non-operating income of \$6,784, Northwest Sewer had a net change of assets of \$ 45,264. Adding the change to beginning net assets of \$37,195,910 results in ending net assets of \$37,150,646; of which \$85,381 is restricted net asset for capital projects.

**Airport** – This year's net loss of \$295,759 compares with the prior year net loss of \$216,571. Depreciation of \$261,334 contributes largely to the negative change in net assets consistent with prior year. Ending balance of net assets is \$7,100,933, however, unrestricted net assets is negative \$1,123,567.

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

**Other Enterprise Funds** –This fund, which includes business park and transit, resulting in a total net loss \$107,853 in the current fiscal year. The total other enterprise funds has ending net assets of \$1,992,286 with \$129,577 as restricted net asset for capital projects and with \$1,154,136, of those assets being unrestricted. The City continues to seek development projects for the business park.

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$69,685,793 (net of accumulated depreciation). The City's capital assets include land, construction in progress, buildings and improvements, runways, machinery and equipment, vehicles and infrastructure.

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

Capital Asset by Type	2011	2010
<i>Governmental Activities:</i>		
Land	\$ 1,968,598	\$ 1,968,598
Construction in Progress	379,605	332,754
Buildings and Improvements	4,986,865	4,855,103
Vehicles	946,394	927,398
Machinery and Equipment	1,618,236	1,618,236
Infrastructure	3,626,495	3,620,455
Less Accumulated Depreciation	(4,741,033)	(4,320,228)
<b>Totals</b>	<b>8,785,160</b>	<b>9,002,316</b>
<i>Business-Type Activities</i>		
Land	433,497	433,497
Construction in Progress	159,880	211,491
Buildings and Improvements	53,982,051	53,973,268
Runways	10,796,860	10,796,860
Machinery and Equipment	1,624,757	1,624,757
Vehicles	272,379	272,379
Infrastructure	6,819,212	5,770,786
Less Accumulated Depreciation	(13,188,003)	(11,732,915)
<b>Totals</b>	<b>\$ 60,900,633</b>	<b>\$ 61,350,123</b>

<b>CITY OF RIO VISTA</b> <b>Management's Discussion and Analysis</b>
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Major capital assets additions during fiscal year 2010-11 included the following:

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

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

<b>Debt Administration</b>
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The City uses a variety of indebtedness to finance various capital acquisitions. At June 30, 2011, the City's long-term debt outstanding was \$1,592,154. Of this total, \$314,535 was in governmental activities and \$1,277,619 was in business-type activities.

The following table provides a schedule of the City's outstanding long-term debt at June 30,

		2011	2010
<b><i>Governmental Activity Debt:</i></b>			
	1997 General Obligation Bonds	\$ 171,000	\$ 189,000
	Fire Truck Capital Lease	143,535	210,536
	1991 Tax Allocation Bonds	-	90,000
	<b><i>Total Governmental Activity Debt:</i></b>	<b>314,535</b>	<b>489,536</b>
<b><i>Business-type Activity Debt:</i></b>			
	2000 Pooled Revenue Bonds	1,260,000	1,226,056
	West America Capital Lease	17,619	25,729
	<b><i>Total Business-type Activity Debt</i></b>	<b>1,277,619</b>	<b>1,251,785</b>
	<b>TOTAL OUTSTANDING DEBT</b>	<b>\$ 1,592,154</b>	<b>\$ 1,741,321</b>

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

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

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

**Special Assessment District Debt**

Special assessment districts in different parts of the city have also issued debt to finance infrastructure and facilities construction entirely in those districts. At June 30, 2011 a total of \$30,271,800 in special assessment district debt was outstanding, issued by three assessment districts. The Community Facilities Districts No. 2004-1 and 2006-1 were created to assist in financing a portion of the Northwest Wastewater Facility in the amounts of \$14,540,000 and \$14,470,000. Also, Reassessment District No. 2007-1R Refunding Bonds had a balance of \$1,261,800. All district debt is secured only by special assessments on the real property in the district issuing the debt, and is not the City's responsibility, although the City does act as these Districts' agent in the collection and remittance of assessments.

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

**Governmental activities**

Due to the local economy, general revenues from the City's main sources have continued to fall short when compared to prior fiscal years. To address this decline, the City Council approved Ordinance 665 in August 2012 for a measure to be placed on the ballot to generate additional revenue for the City. In November 2012, the residents passed *Measure O*, a transactions and use tax, which results in a sales tax increase of 0.75% scheduled to become operative on April 1, 2013. The City also continues to seek out alternative revenue sources through future development activity, grants, sale of City assets/land, etc.

**Business activities**

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

**Contacting the City's Financial Management**

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 call 707-374-2176.



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## **BASIC FINANCIAL STATEMENTS**

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## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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**City of Rio Vista**  
**Statement of Net Assets**  
**June 30, 2011**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 5,079,315	\$ 4,366,482	\$ 9,445,797
Restricted cash and investments	13,670	3,543,452	3,557,122
Receivables:			
Accounts, net	1,479,467	839,604	2,319,071
Interest	3,602	5,010	8,612
Internal balances	3,553,940	(3,553,940)	-
Prepaid items and deposits	45,955	1,223	47,178
Inventory	-	52,870	52,870
Notes receivable	114,275	-	114,275
<b>Total current assets</b>	<b>10,290,224</b>	<b>5,254,701</b>	<b>15,544,925</b>
Noncurrent assets:			
Capital assets:			
Land	1,968,598	433,497	2,402,095
Construction in progress	379,605	159,880	539,485
Capital assets being depreciated, net	6,436,957	60,307,256	66,744,213
<b>Total capital assets</b>	<b>8,785,160</b>	<b>60,900,633</b>	<b>69,685,793</b>
<b>Total assets</b>	<b>19,075,384</b>	<b>66,155,334</b>	<b>85,230,718</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	268,941	580,613	849,554
Accrued expenses	174,844	19,778	194,622
Interest payable	6,114	18,445	24,559
Deposits payable	7,858	70,483	78,341
Unearned revenue	254,081	181,366	435,447
Claims Payable	130,114	-	130,114
Compensated absences - due within one year	44,081	13,732	57,813
Landfill post-closure - due within one year	47,691	-	47,691
Long-term debt - due within one year	90,130	43,568	133,698
<b>Total current liabilities</b>	<b>1,023,854</b>	<b>927,985</b>	<b>1,951,839</b>
Noncurrent liabilities:			
Compensated absences - due in more than one year	188,939	38,031	226,970
Net OPEB obligations	123,383	-	123,383
Landfill post-closure - due in more than one year	858,440	-	858,440
Long-term debt - due in more than one year	224,405	1,168,554	1,392,959
<b>Total liabilities</b>	<b>2,419,021</b>	<b>2,134,570</b>	<b>4,553,591</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	8,470,625	59,688,511	68,159,136
Restricted for:			
Capital projects	4,691,507	3,432,616	8,124,123
Debt service	169,571	110,836	280,407
Specific projects and programs	1,986,478	-	1,986,478
<b>Total restricted</b>	<b>6,847,556</b>	<b>3,543,452</b>	<b>10,391,008</b>
Unrestricted	1,338,182	788,801	2,126,983
<b>Total net assets</b>	<b>\$ 16,656,363</b>	<b>\$ 64,020,764</b>	<b>\$ 80,677,127</b>

See accompanying Notes to Basic Financial Statements.

**City of Rio Vista**  
**Statement of Activities and Changes in Net Assets**  
**For the year ended June 30, 2011**

Functions / Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
Administration	\$ 539,588	\$ -	\$ -	\$ -
Police protection	1,826,161	73,322	100,000	-
Fire protection	911,303	175,080	-	-
Redevelopment	488,199	5,813	-	-
Streets & highways	177,094	-	-	-
Streets & lighting	15,210	36,916	-	-
Corporation yard	62,061	-	-	-
Building regulations	77,752	153,382	-	-
Planning	141,282	77,991	-	-
Economic development	36,604	-	-	-
Public works	336,127	225,416	-	230,220
Parks	220,065	6,696	-	140,136
Swimming pool	48,982	-	-	-
Recreation and youth center	85,526	146,024	-	76,384
Solid waste	237,788	92,424	-	1,987
Interest on long-term debt (unallocated)	39,958	-	-	-
Total governmental activities	5,243,700	993,064	100,000	448,727
<b>Business-type activities:</b>				
Water	1,665,636	2,716,646	-	-
Beach drive treatment facility	1,606,731	2,325,177	-	-
NW Wastewater treatment facilities	1,381,121	1,329,073	-	-
Airport	577,462	275,879	-	-
Business park	64,968	102,024	-	-
Transit	533,629	146,833	325,687	2,094
Total business-type activities	5,829,547	6,895,632	325,687	2,094
<b>Total primary government</b>	<b>\$ 11,073,247</b>	<b>\$ 7,888,696</b>	<b>\$ 425,687</b>	<b>\$ 450,821</b>
<b>General Revenues and Transfers:</b>				
Taxes:				
Property taxes				
Incremental property tax				
Sales taxes				
Franchise taxes				
Other taxes				
Total taxes				
Motor vehicle in lieu				
Investment earnings				
Royalties				
Miscellaneous				
<b>Total general revenues and transfers</b>				
<b>Change in net assets</b>				
<b>Net assets - beginning of year (as restated)</b>				
<b>Net assets - end of year</b>				

Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (539,588)	\$ -	\$ (539,588)
(1,652,839)	-	(1,652,839)
(736,223)	-	(736,223)
(482,386)	-	(482,386)
(177,094)	-	(177,094)
21,706	-	21,706
(62,061)	-	(62,061)
75,630	-	75,630
(63,291)	-	(63,291)
(36,604)	-	(36,604)
119,509	-	119,509
(73,233)	-	(73,233)
(48,982)	-	(48,982)
136,882	-	136,882
(143,377)	-	(143,377)
(39,958)	-	(39,958)
(3,701,909)	-	(3,701,909)
-	1,051,010	1,051,010
-	718,446	718,446
-	(52,048)	(52,048)
-	(301,583)	(301,583)
-	37,056	37,056
-	(59,015)	(59,015)
-	1,393,866	1,393,866
(3,701,909)	1,393,866	(2,308,043)
1,209,262	-	1,209,262
748,411	-	748,411
780,689	-	780,689
212,518	-	212,518
248,488	-	248,488
3,199,368	-	3,199,368
512,609	-	512,609
18,797	54,542	73,339
144,519	-	144,519
107,197	-	107,197
3,982,490	54,542	4,037,032
280,581	1,448,408	1,728,989
16,375,782	62,572,356	78,948,138
\$ 16,656,363	\$ 64,020,764	\$ 80,677,127



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## **FUND FINANCIAL STATEMENTS**

*Governmental Fund Financial Statements*

*Proprietary Fund Financial Statements*

*Fiduciary Fund Financial Statements*

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## GOVERNMENTAL FUND FINANCIAL STATEMENTS

The funds below were determined to be Major Funds by the City in fiscal year 2011 Individual non-major funds may be found in the Supplementary Information section.

### **General Fund**

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

### **CDBG Fund**

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

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**City of Rio Vista**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	General Fund	CDBG Grant	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 466,962	\$ -	\$ 4,612,353	\$ 5,079,315
Restricted cash and investments	-	-	13,670	13,670
Receivables:			-	
Accounts	378,660	718,703	382,104	1,479,467
Interest	466	-	3,136	3,602
Prepays and other	45,432	-	523	45,955
Due from other funds	485,441	-	818,427	1,303,868
Advances to other funds	1,062,932	-	2,683,966	3,746,898
Notes receivable	-	-	114,275	114,275
<b>Total assets</b>	<b>\$ 2,439,893</b>	<b>\$ 718,703</b>	<b>\$ 8,628,454</b>	<b>\$ 11,787,050</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 179,817	\$ -	\$ 89,124	\$ 268,941
Accrued salaries and wages	81,976	-	5,701	87,677
Accrued expense	81,396	-	5,771	87,167
Deposits	4,858	-	3,000	7,858
Due to other funds	-	852,837	272,720	1,125,557
Deferred revenue	198,545	718,703	180,476	1,097,724
Advances from other funds	-	-	371,269	371,269
<b>Total liabilities</b>	<b>546,592</b>	<b>1,571,540</b>	<b>928,061</b>	<b>3,046,193</b>
<b>Fund Balances:</b>				
Nonspendable	1,108,364	-	-	1,108,364
Restricted	-	-	3,008,886	3,008,886
Committed	-	-	51,931	51,931
Assigned	-	-	4,872,853	4,872,853
Unassigned	784,937	(852,837)	(233,277)	(301,177)
<b>Total fund balances</b>	<b>1,893,301</b>	<b>(852,837)</b>	<b>7,700,393</b>	<b>8,740,857</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,439,893</b>	<b>\$ 718,703</b>	<b>\$ 8,628,454</b>	<b>\$ 11,787,050</b>

See accompanying Notes to Basic Financial Statements.

**City of Rio Vista**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Government-Wide Statement of Net Assets**  
**June 30, 2011**

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<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 8,740,857</b>
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Amounts reported for governmental activities in the Statement of Net Assets were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet.	8,785,160
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Deferred revenues recorded in the governmental fund resulting from activities in which revenues were earned but funds were not available are classified as revenues in the Government-Wide Financial Statements.	843,643
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Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

- |                                 |           |
|---------------------------------|-----------|
| - Other post-employment benefit | (123,383) |
| - Landfill                      | (906,131) |
| - Claims payable                | (130,114) |
| - Interest payable              | (6,114)   |
| - Long-term debt                | (314,535) |
| - Compensated absences          | (233,020) |

Total long-term liabilities	<u>(1,713,297)</u>
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<b>Net Assets of Governmental Activities</b>	<b>\$ 16,656,363</b>
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**City of Rio Vista**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the year ended June 30, 2011**

	General Fund	CDBG Grants	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes	\$ 2,081,593	\$ -	\$ 892,557	\$ 2,974,150
Licenses and permits	172,757	-	240,015	412,772
Use of money and property	238,808	-	26,537	265,345
Charges for services	308,848	-	114,543	423,391
Intergovernmental	530,086	-	222,674	752,760
Fines and forfeitures	54,191	-	-	54,191
Other	15,306	-	77,639	92,945
Grants	385,198	14,526	398,449	798,173
<b>Total revenues</b>	<b>3,786,787</b>	<b>14,526</b>	<b>1,972,414</b>	<b>5,773,727</b>
<b>EXPENDITURES:</b>				
Current:				
Administration	431,244	-	-	431,244
Police protection	1,712,550	-	72,548	1,785,098
Fire protection	796,708	-	-	796,708
Redevelopment	4,621	-	483,578	488,199
Streets & highways	93,893	-	-	93,893
Corporation yard	59,797	-	-	59,797
Building regulations	77,752	-	-	77,752
Planning	78,786	-	62,496	141,282
Economic development	36,304	-	-	36,304
Public works	138,379	11,858	223,473	373,710
Parks	134,261	-	-	134,261
Swimming pool	47,317	-	-	47,317
Recreation and youth center	8,738	-	68,038	76,776
Solid waste	-	-	93,026	93,026
Capital outlay	121,104	-	21,030	142,134
Debt service:				
Principal repayment	67,001	-	108,000	175,001
Interest and fiscal charges	9,832	-	30,126	39,958
<b>Total expenditures</b>	<b>3,818,287</b>	<b>11,858</b>	<b>1,162,315</b>	<b>4,992,460</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(31,500)</b>	<b>2,668</b>	<b>810,099</b>	<b>781,267</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	76,833	-	-	76,833
Transfers out	-	-	(76,833)	(76,833)
<b>Total other financing sources (uses)</b>	<b>76,833</b>	<b>-</b>	<b>(76,833)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>45,333</b>	<b>2,668</b>	<b>733,266</b>	<b>781,267</b>
<b>FUND BALANCES:</b>				
Beginning of year, (as restated)	1,847,968	(855,505)	6,967,127	7,959,590
End of year	<u>\$ 1,893,301</u>	<u>\$ (852,837)</u>	<u>\$ 7,700,393</u>	<u>\$ 8,740,857</u>

See accompanying Notes to Basic Financial Statements.



# City of Rio Vista

## Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets For the year ended June 30, 2011

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

**Net Change in Fund Balances - Total Governmental Funds** \$ 781,267

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

Governmental funds reported additions of capital assets as capital outlay and program expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period. 203,649

Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities and Changes in Net Assets, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in Governmental Funds. (420,805)

Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets. 175,001

Revenues that have not met the revenue recognition criteria in the fund financial statements are recognized as revenue in the Government-Wide Financial Statements. This amount represents the change in deferred revenue from prior year. (249,446)

Increases in net OPEB obligations are not expenditures in the governmental funds, but are expenditures in the Government-Wide Statement of Activities and Changes in Net Assets. (71,916)

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

- Compensated absences	7,593
- Interest on long-term debt	-
- Claims payable	-
- Landfill closure	(144,762)

**Change in Net Assets of Governmental Activities** \$ 280,581

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## PROPRIETARY FUND FINANCIAL STATEMENTS

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

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has determined the following enterprise funds to be major funds in fiscal year 2011, as identified below.

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

### **Water Fund**

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

### **Beach Drive Treatment Fund**

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

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

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

### **Airport Fund**

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

**City of Rio Vista**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	Business-Type Activities – Enterprise Funds					Totals
	Water	Beach Drive Treatment Facility	NW Wastewater Treatment Facility	Airport	Other Enterprise Funds	
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 925,992	\$ 202,857	\$ 1,865,490	\$ -	\$ 1,372,143	\$ 4,366,482
Restricted cash and investments	2,495,608	832,886	85,381	-	129,577	3,543,452
Receivables:						
Accounts	319,457	334,886	141,801	2,643	40,817	839,604
Interest	2,336	357	1,370	-	947	5,010
Prepaid items	-	-	-	-	1,223	1,223
Inventory	-	-	-	52,870	-	52,870
<b>Total current assets</b>	<b>3,743,393</b>	<b>1,370,986</b>	<b>2,094,042</b>	<b>55,513</b>	<b>1,544,707</b>	<b>8,808,641</b>
Noncurrent assets:						
Advances to other funds	425,884	150,758	-	-	99,236	675,878
Capital assets:						
Land	5,000	-	-	405,313	23,184	433,497
Construction in progress	133,876	13,002	13,002	-	-	159,880
Depreciable, net	10,447,934	4,685,280	36,651,847	7,836,806	685,389	60,307,256
<b>Total capital assets</b>	<b>10,586,810</b>	<b>4,698,282</b>	<b>36,664,849</b>	<b>8,242,119</b>	<b>708,573</b>	<b>60,900,633</b>
<b>Total noncurrent assets</b>	<b>11,012,694</b>	<b>4,849,040</b>	<b>36,664,849</b>	<b>8,242,119</b>	<b>807,809</b>	<b>61,576,511</b>
<b>Total assets</b>	<b>14,756,087</b>	<b>6,220,026</b>	<b>38,758,891</b>	<b>8,297,632</b>	<b>2,352,516</b>	<b>70,385,152</b>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	156,730	215,758	91,489	69,537	47,099	580,613
Accrued salary and wages	7,066	2,524	1,271	1,691	1,373	13,925
Accrued expense	5,853	-	-	-	-	5,853
Accrued interest payable	-	17,946	-	499	-	18,445
Deposit payable	48,904	-	-	16,220	5,359	70,483
Due to other funds	-	-	-	49,306	129,006	178,312
Unearned revenue	-	1,674	-	5,312	174,380	181,366
Compensated absences - due within one year	7,030	3,102	1,505	1,361	734	13,732
Long-term debt - due within one year	-	35,000	-	8,568	-	43,568
<b>Total current liabilities</b>	<b>225,583</b>	<b>276,004</b>	<b>94,265</b>	<b>152,494</b>	<b>357,951</b>	<b>1,106,297</b>
Noncurrent liabilities:						
Advances from other funds	-	1,509,467	1,509,467	1,032,572	-	4,051,506
Compensated absences - due in more than one year	19,355	9,302	4,513	2,582	2,279	38,031
Long-term debt:						
Revenue bonds payable	-	1,159,503	-	-	-	1,159,503
Capitalized lease obligations	-	-	-	9,051	-	9,051
<b>Total noncurrent liabilities</b>	<b>19,355</b>	<b>2,678,272</b>	<b>1,513,980</b>	<b>1,044,205</b>	<b>2,279</b>	<b>5,258,091</b>
<b>Total liabilities</b>	<b>244,938</b>	<b>2,954,276</b>	<b>1,608,245</b>	<b>1,196,699</b>	<b>360,230</b>	<b>6,364,388</b>
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	10,586,810	3,503,779	36,664,849	8,224,500	708,573	59,688,511
Restricted for revenue bond retirement	-	110,836	-	-	-	110,836
Restricted for capital projects	2,495,608	722,050	85,381	-	129,577	3,432,616
Unrestricted	1,428,731	(1,070,915)	400,416	(1,123,567)	1,154,136	788,801
<b>Total net assets</b>	<b>\$ 14,511,149</b>	<b>\$ 3,265,750</b>	<b>\$ 37,150,646</b>	<b>\$ 7,100,933</b>	<b>\$ 1,992,286</b>	<b>\$ 64,020,764</b>

See accompanying Notes to Basic Financial Statements.

**City of Rio Vista**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Proprietary Funds**  
**For the year ended June 30, 2011**

	Business-Type Activities – Enterprise Funds					Totals
	Water	Beach Drive Treatment Facility	NW Wastewater Treatment Facility	Airport	Other Enterprise Funds	
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 2,716,646	\$ 2,325,177	\$ 1,329,073	\$ -	\$ 115,567	\$ 6,486,463
Rents	-	-	-	137,724	101,132	238,856
Sale of fuel	-	-	-	11,006	-	11,006
Grant revenues	-	-	-	126,923	347,781	474,704
Other	-	-	-	226	12,158	12,384
<b>Total operating revenues</b>	<b>2,716,646</b>	<b>2,325,177</b>	<b>1,329,073</b>	<b>275,879</b>	<b>576,638</b>	<b>7,223,413</b>
<b>OPERATING EXPENSES:</b>						
Salaries & benefits	421,593	200,524	142,276	93,056	52,522	909,971
Contract services	102,920	922,003	598,142	24,969	338,374	1,986,408
Supplies & materials	152,418	32,153	5,760	54,623	166,260	411,214
Utilities	214,904	92,609	123,617	44,944	2,142	478,216
Insurance	448	745	745	5,019	140	7,097
Maintenance & repair	48,079	93,901	58,823	10,778	86,648	298,229
Professional services	20,487	25	25	263	144	20,944
Miscellaneous	68,345	24,740	11,059	76,652	93	180,889
Depreciation	550,548	164,364	440,674	261,334	38,168	1,455,088
<b>Total operating expenses</b>	<b>1,579,742</b>	<b>1,531,064</b>	<b>1,381,121</b>	<b>571,638</b>	<b>684,491</b>	<b>5,748,056</b>
<b>OPERATING INCOME (LOSS)</b>	<b>1,136,904</b>	<b>794,113</b>	<b>(52,048)</b>	<b>(295,759)</b>	<b>(107,853)</b>	<b>1,475,357</b>
<b>NONOPERATING REVENUES:</b>						
<b>(EXPENSES):</b>						
Interest revenue	21,715	14,609	6,784	-	11,434	54,542
Interest (expense)	-	(75,667)	-	(5,824)	-	(81,491)
<b>Total nonoperating revenues</b>						
<b>(expenses)</b>	<b>21,715</b>	<b>(61,058)</b>	<b>6,784</b>	<b>(5,824)</b>	<b>11,434</b>	<b>(26,949)</b>
<b>INCOME (LOSS) BEFORE</b>						
<b>TRANSFERS</b>	<b>1,158,619</b>	<b>733,055</b>	<b>(45,264)</b>	<b>(301,583)</b>	<b>(96,419)</b>	<b>1,448,408</b>
<b>Change in net assets</b>	<b>1,158,619</b>	<b>733,055</b>	<b>(45,264)</b>	<b>(301,583)</b>	<b>(96,419)</b>	<b>1,448,408</b>
<b>NET ASSETS:</b>						
Beginning of year (as restated)	13,352,530	2,532,695	37,195,910	7,402,516	2,088,705	62,572,356
End of year	\$ 14,511,149	\$ 3,265,750	\$ 37,150,646	\$ 7,100,933	\$ 1,992,286	\$ 64,020,764

See accompanying Notes to Basic Financial Statements.

**City of Rio Vista**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2011**

	Business-Type Activities – Enterprise Funds					Totals
	Water	Beach Drive Treatment Facility	NW Wastewater Treatment Facility	Airport	Other Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers & other agencies	\$ 2,667,273	\$ 2,210,649	\$ 1,312,447	\$ 317,019	\$ 564,162	\$ 7,071,550
Payments to suppliers/other fund	(583,514)	(1,313,994)	(872,330)	(207,684)	(641,331)	(3,618,853)
Payments to employees	(426,319)	(198,575)	(146,491)	(94,787)	(51,635)	(917,807)
Insurance premiums and claims paid	(448)	(745)	(745)	(5,019)	(140)	(7,097)
<b>Net cash provided (used) by operating activities</b>	<b>1,656,992</b>	<b>697,335</b>	<b>292,881</b>	<b>9,529</b>	<b>(128,944)</b>	<b>2,527,793</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Interfund receipts	12,149	164,457	-	-	84,317	260,923
Interfund payments	-	-	-	4,457	(36)	4,421
<b>Net cash provided (used) by noncapital financing activities</b>	<b>12,149</b>	<b>164,457</b>	<b>-</b>	<b>4,457</b>	<b>84,281</b>	<b>265,344</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition of capital assets	(904,858)	(87,737)	(13,002)	-	-	(1,005,597)
Principal payments on debt	-	(31,553)	-	(8,110)	-	(39,663)
Interest paid on capital debt	-	(76,104)	-	(5,876)	-	(81,980)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(904,858)</b>	<b>(195,394)</b>	<b>(13,002)</b>	<b>(13,986)</b>	<b>-</b>	<b>(1,127,240)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest income	20,322	14,252	6,637	-	12,001	53,212
<b>Net cash provided (used) by investing activities</b>	<b>20,322</b>	<b>14,252</b>	<b>6,637</b>	<b>-</b>	<b>12,001</b>	<b>53,212</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>784,605</b>	<b>680,650</b>	<b>286,516</b>	<b>-</b>	<b>(32,662)</b>	<b>1,719,109</b>
<b>CASH AND CASH EQUIVALENTS:</b>						
Beginning of year	2,636,995	355,093	1,664,355	-	1,534,382	6,190,825
End of year	<u>\$ 3,421,600</u>	<u>\$ 1,035,743</u>	<u>\$ 1,950,871</u>	<u>\$ -</u>	<u>\$ 1,501,720</u>	<u>\$ 7,909,934</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ 1,136,904	\$ 794,113	\$ (52,048)	\$ (295,759)	(107,853)	\$ 1,475,357
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	550,548	164,364	440,674	261,334	38,168	1,455,088
Changes in current assets and liabilities:						
Receivables, net	(54,446)	(110,567)	(16,626)	42,301	91,915	(47,423)
Prepaid expense	-	-	-	-	(1,223)	(1,223)
Deposits	5,073	(3,961)	-	(1,060)	-	52
Inventory	-	-	-	(24,409)	-	(24,409)
Unearned revenue	-	-	-	(101)	(104,391)	(104,492)
Accounts payable and other accrued expenses	23,639	(148,563)	(74,904)	28,954	(46,447)	(217,321)
Accrued salary	2,927	769	155	(785)	929	3,995
OPEB liabilities	(5,002)	(1,950)	(1,114)	(1,272)	(281)	(9,619)
Compensated absences	(2,651)	3,130	(3,256)	326	239	(2,212)
Total adjustments	520,088	(96,778)	344,929	305,288	(21,091)	1,052,436
<b>Net cash provided (used) by operating activities</b>	<b>\$ 1,656,992</b>	<b>\$ 697,335</b>	<b>\$ 292,881</b>	<b>\$ 9,529</b>	<b>\$ (128,944)</b>	<b>\$ 2,527,793</b>

See accompanying Notes to Basic Financial Statements.

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## FIDUCIARY FUND FINANCIAL STATEMENTS

### **Agency Funds**

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

**City of Rio Vista**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

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	Agency Funds
<b>ASSETS</b>	
Cash and investments	\$ 2,145,521
Restricted cash and investments	2,133,762
Accounts receivable	246
Interest receivable	1,468
<b>Total assets</b>	<b>\$ 4,280,997</b>
<b>LIABILITIES</b>	
Accounts payable	23,336
Accrued Expense	1,140
Due to assessment district bondholders	4,256,521
<b>Total liabilities</b>	<b>\$ 4,280,997</b>



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**City of Rio Vista**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2011**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Reporting Entity**

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

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

City of Rio Vista Public Financing Authority (Authority) - The Authority was established to provide for financing of public capital improvements for the City and the Redevelopment Agency and other local agencies. The City Council members serve as the Governing Board of the Authority and all accounting and administrative functions are performed by the City, which has been inactive during the fiscal year. The Authority does not issue separate financial statements.

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

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

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

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

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

Government-Wide Financial Statements

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

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

Governmental Fund Financial Statements

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

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

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

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

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

Governmental Fund Financial Statements, Continued

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

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

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

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

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

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

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

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

**C. Major Funds**

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

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

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

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

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

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

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

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

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

The City also reports the following fund types:

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

**D. Property Tax**

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

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

***D. Property Tax, Continued***

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

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

***E. Compensated Absences***

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

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

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

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

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

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

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

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

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

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

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

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

**G. Restricted Cash and Investments**

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

**H. Receivables**

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

**I. Notes Receivable**

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

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

**J. Interfund Transactions**

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

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

**K. Capital Assets**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Assets acquired with grant funds may be capitalized even though their individual cost is less than \$5,000.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. The City has assigned the useful lives listed below to capital assets:

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

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



**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

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

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

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

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

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

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

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

***L. Long-Term Debt***

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

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

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

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

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

**M. Net Assets and Fund Balance**

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

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

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

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

**Fund Financial Statements**

The City has adopted the provisions of GASB Statement No. 54 Fund Balance and Governmental Fund Type Definitions. GASB 54 establishes Fund Balance classifications based largely upon the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Governmental Fund statements conform to this new classification. The Fund Financial Statements consist of Nonspendable, Restricted, Committed, Assigned and Unassigned amounts as described below:

Nonspendable Fund Balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories, prepaid amounts, and long-term notes receivable.

Restricted Fund Balance - includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restriction may effectively be changed or lifted only with the consent of resource providers.

Committed Fund Balance - includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City Council taking the same formal action that imposed the constraint originally.

Assigned Fund Balance - comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by City Council or the City Manager to which the City Council has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance - is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

**M. Net Assets and Fund Balance, Continued**

**Fund Financial Statements, Continued**

*Restricted and Unrestricted Funds* – when an expenditure is incurred for purposes for which both Restricted and Unrestricted Fund Balances are available, the City shall consider that Restricted Funds shall be spent first until such funds are exhausted, at which time Committed, Assigned or Unassigned Funds will be used.

*Committed, Assigned or Unassigned Funds* – when an expenditure is incurred where there are no Restricted Funds available, and for which Committed and/or Assigned Fund Balances are available, the City shall exhaust Committed Funds first until such funds are exhausted, then shall exhaust Assigned Funds until such funds are exhausted.

**N. Use of Estimates**

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

**O. Prepaids**

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

**P. New Pronouncements**

In 2011, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* – This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. There was no effect on net assets, however the City reclassified fund balances in governmental funds.
- GASB Statement No. 59, *Financial Instruments Omnibus* – This statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. There was no effect on net assets by the City implementing the new accounting standard.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**2. CASH AND INVESTMENTS**

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

The following is a summary of cash and investments at June 30, 2011:

	Government-Wide Statement of Net Assets		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Statement of Net Assets	
Cash and investments	\$ 5,079,315	\$ 4,366,482	\$ 2,145,521	\$ 11,591,318
Restricted cash and investments	13,670	3,543,452	2,133,762	5,690,884
<b>Total</b>	<b>\$ 5,092,985</b>	<b>\$ 7,909,934</b>	<b>\$ 4,279,283</b>	<b>\$ 17,282,202</b>

At June 30, 2011 the City's pooled cash and investments, including restricted funds consisted of the following:

	Fair Value June 30, 2011
<b>Cash and Investments:</b>	
Deposits:	
Cash on hand	\$ 400
Deposits with banks	2,883,086
Total deposits	2,883,486
Demand Deposit:	
California Local Agency Investment Fund (Unrestricted)	8,707,832
Total investments	8,707,832
<b>Total Cash and Investments</b>	<b>11,591,318</b>
<b>Restricted Cash and Investments:</b>	
Cash with Fiscal Agent	5,690,884
<b>Total Restricted Cash and Investments</b>	<b>\$ 5,690,884</b>

**A. Deposits**

The carrying amount of the City's cash deposit was \$2,883,086 at June 30, 2011. Bank balances before reconciling items were \$3,221,318, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

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

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**2. CASH AND INVESTMENTS, Continued**

**A. Deposits, Continued**

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

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

**B. Investments**

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Bills, Notes and Bonds	(A)	N/A	No Limit	No Limit
U.S. Government-Sponsored Enterprise Agencies:				
Government National Mortgage Association	5 years	N/A	No Limit	No Limit
Federal National Mortgage Association	5 years	N/A	No Limit	No Limit
Federal Home Loan Mortgage Corporation	5 years	N/A	No Limit	No Limit
Federal Home Loan Bank	5 years	N/A	No Limit	No Limit
Certificates of Deposit	5 years	N/A	50%	(B)
Medium-Term Notes	5 years	A	50%	No Limit
California Local Agency Investment Fund	N/A	N/A	No Limit	\$40,000,000 per account
Passbook Savings Account Demand Deposits	N/A	N/A	No Limit	No Limit

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

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

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**2. CASH AND INVESTMENTS, Continued**

***B. Investments, Continued***

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

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

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The balance is available for withdrawal on demand. The City's investments with LAIF at June 30, 2011, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

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

As of June 30 2011, the City had \$8,707,833 invested in LAIF, which had invested 5.01% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The fair value of LAIF was calculated by applying a factor of 1.00157647 to total investments held by LAIF.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**2. CASH AND INVESTMENTS, Continued**

**C. Investments Authorized by Debt Agreements**

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

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

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

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**3 INTERFUND TRANSACTIONS**

*Due to/from Other Funds*

As of June 30, 2011, balances of due to/from other funds were as follows:

		Due from		
		Governmental Funds		
		General Fund	Non-Major	Total
Due to	<b>Governmental Funds:</b>			
	General Fund		\$ -	\$ -
	CDBG Grant Fund	34,410	818,427	852,837
	Non-Major	272,720		272,720
	<b>Enterprise Funds:</b>			
	Airport	49,305	-	49,305
Non-Major	129,006	-	129,006	
<b>Total</b>		\$ 485,441	\$ 818,427	\$ 1,303,868

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

*Advances to/from Other Funds*

		Advance to other funds					
		Governmental Funds		Enterprise Funds			
		General Fund	Non-Major	Water	Beach Drive Treatment Facility	Non-Major	Total
Advance from other funds	<b>Governmental Funds:</b>						
	Non-Major	172,799			99,234	99,236	371,269
	<b>Enterprise Funds:</b>						
	Beach Drive Treatment	44,238	1,265,229	200,000			1,509,467
	NW Wastewater Treatment	44,238	1,265,229	200,000			1,509,467
	Airport Enterprise Funds	801,657	153,508	25,884	51,525		1,032,574
<b>Total</b>		\$ 1,062,932	\$ 2,683,966	\$ 425,884	\$ 150,759	\$ 99,236	\$ 4,422,777



**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**3 INTERFUND TRANSACTIONS, Continued**

*Advances To/From, Continued*

The General Fund loaned the Airport Enterprise Fund \$489,842, \$300,601 and \$11,214 in fiscal 2005, 2006, and 2007 respectively. The General Fund also loaned the Army Base Reuse Capital Project Fund \$146,894 in fiscal year 2007, \$17,653 in fiscal year 2008 and an additional \$8,253 in fiscal year 2009. Payment on both of the loans is not expected in fiscal 2012.

The Beach Drive Treatment Facility and NW Wastewater Treatment Facility Enterprise Funds borrowed from the General Fund, Redevelopment Agency Low/Mod Housing Special Revenue Fund, Municipal Improvements Capital Project Fund, Parks and Recreation Capital Project Fund, and Water Enterprise Fund the amounts of \$88,476, \$164,011, \$600,000, \$100,000, and \$400,000, respectively, during fiscal year 2007. These same entities borrowed an additional \$870,918 from the Municipal Improvements Capital Project Fund during fiscal year 2008, and borrowed an additional \$795,529 from the Municipal Improvements Capital Project Fund during fiscal year 2009. With the exception of the Redevelopment Agency Low/Mod Housing Special Revenue Fund, payment on all of the loans is not expected in fiscal 2012. Additional information regarding the dissolution of California Redevelopment Agencies can be found in Note 18.

In March 1993, the Water Construction and Beach Drive Treatment Facility Enterprise Funds loaned a total of \$450,000 to the Redevelopment Agency to be used as a percentage match for the airport relocation costs not covered by a Federal grant. The loan had a 25-year term with an interest rate of 6% and annual principal and interest payments of \$34,972 were to be made from tax increment revenues through 2018. The balance of the loan was \$198,470 at June 30, 2011. The Redevelopment Agency ceased to exist during fiscal year 2012 and additional information regarding the dissolution of California Redevelopment Agencies can be found in Note 18.

The Water and Beach Drive Treatment Facility Enterprise Funds also loaned the Airport Enterprise Fund \$219,000 in June 1991. City Council approved a simple interest accrual at 4% from 1991 through June 30, 2004. Terms call for annual installment payments of \$41,041 beginning June 30, 2004 including interest at 4% on the outstanding balance. The final payment is due on June 30, 2013. The balance of the loan was \$77,409 at June 30, 2011.

The Airport Enterprise Fund borrowed \$153,508 from the Municipal Improvement Capital Project Fund during fiscal year 2008. Payment on the loan is not expected in fiscal 2012.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**3 INTERFUND TRANSACTIONS, Continued**

*Transfers In/Out*

Transfers in/out for the year ended June 30, 2011, were as follows:

		Transfers In	
		Governmental Funds	
		General	Total
Transfers Out	Governmental Funds:		
	Non-Major Governmental Funds	\$ 76,833	\$ 76,833
	Total	\$ 76,833	\$ 76,833

The transfer of \$ 76,833 represents the grant expenditure/cash into the General Fund.

**4. NOTES RECEIVABLE**

The City has engaged in programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans are provided under favorable terms to homeowners who agree to spend these funds in accordance with the City's terms. The balances of these loans arising from this program at June 30, 2011 were \$114,275. These loans have been offset by fund balance reserves, as they are not expected to be repaid immediately.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2011, was as follow:

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
<b>Governmental activities:</b>					
Nondepreciable assets:					
Land	\$ 1,968,598	\$ -	\$ -	\$ -	\$ 1,968,598
Construction in progress	332,754	46,851	-	-	379,605
Total nondepreciable assets	<u>2,301,352</u>	<u>46,851</u>	<u>-</u>	<u>-</u>	<u>2,348,203</u>
Depreciable assets:					
Buildings and improvements	4,855,103	131,762	-	-	4,986,865
Vehicles	927,398	18,996	-	-	946,394
Machinery and equipment	1,618,236	-	-	-	1,618,236
Infrastructure	3,620,455	6,040	-	-	3,626,495
Total depreciable assets	<u>11,021,192</u>	<u>156,798</u>	<u>-</u>	<u>-</u>	<u>11,177,990</u>
Less accumulated depreciation:					
Buildings and improvements	(2,046,170)	(152,926)	-	-	(2,199,096)
Vehicles	(680,950)	(49,079)	-	-	(730,029)
Machinery and equipment	(1,380,119)	(75,592)	-	-	(1,455,711)
Infrastructure	(212,989)	(143,208)	-	-	(356,197)
Total accumulated depreciation	<u>(4,320,228)</u>	<u>(420,805)</u>	<u>-</u>	<u>-</u>	<u>(4,741,033)</u>
Net depreciable assets	<u>6,700,964</u>	<u>(264,007)</u>	<u>-</u>	<u>-</u>	<u>6,436,957</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 9,002,316</u>	<u>\$ (217,156)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,785,160</u>
<b>Business-type activities:</b>					
Nondepreciable assets:					
Land	\$ 433,497	\$ -	\$ -	\$ -	\$ 433,497
Construction in progress	211,491	159,880	-	(211,491)	159,880
Total nondepreciable assets	<u>644,988</u>	<u>159,880</u>	<u>-</u>	<u>(211,491)</u>	<u>593,377</u>
Depreciable assets:					
Buildings and improvements	53,973,268	8,783	-	-	53,982,051
Runways	10,796,860	-	-	-	10,796,860
Machinery and equipment	1,624,757	-	-	-	1,624,757
Vehicles	272,379	-	-	-	272,379
Infrastructure	5,770,786	836,935	-	211,491	6,819,212
Total depreciable assets	<u>72,438,050</u>	<u>845,718</u>	<u>-</u>	<u>211,491</u>	<u>73,495,259</u>
Less accumulated depreciation:					
Buildings and improvements	(6,790,116)	(966,192)	-	-	(7,756,308)
Runways	(3,422,882)	(236,275)	-	-	(3,659,157)
Machinery and equipment	(1,173,362)	(92,422)	-	-	(1,265,784)
Vehicles	(59,670)	(24,552)	-	-	(84,222)
Infrastructure	(286,885)	(135,647)	-	-	(422,532)
Total accumulated depreciation	<u>(11,732,915)</u>	<u>(1,455,088)</u>	<u>-</u>	<u>-</u>	<u>(13,188,003)</u>
Net depreciable assets	<u>60,705,135</u>	<u>(609,370)</u>	<u>-</u>	<u>211,491</u>	<u>60,307,256</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 61,350,123</u>	<u>\$ (449,490)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,900,633</u>

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**5. CAPITAL ASSETS, Continued**

**A. Capital Asset Contributions**

In Fiscal Year 2011, the City did not receive donated assets.

**B. Depreciation**

Depreciation expense was charged to various governmental functions as follows:

Governmental Activities:	
Administrative	\$ 36,428
Police protection	41,063
Fire protection	114,595
Streets and highways	83,201
Streets and lighting	15,210
Corporation yard	2,264
Economic development	300
Public Works	31,525
Parks	85,804
Swimming pool	1,665
Recreation and youth center	8,750
<b>Total depreciation expense - governmental functions</b>	<b>\$ 420,805</b>
Business-Type Activities:	
Water	\$ 550,548
Beach Drive Treatment Facility	164,364
NW Wastewater Treatment Facility	440,674
Airport	261,334
Business Park	13,616
Transit	24,552
<b>Total depreciation expense - business-type functions</b>	<b>\$ 1,455,088</b>

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**6. UNEARNED /DEFERRED REVENUE**

**A. Government-Wide Financial Statements**

Unearned revenues in the Government-Wide Financial Statements represent amounts for which revenues have not been earned. At June 30, 2011, deferred revenues in the Government-Wide Financial Statements were as follows:

	Governmental Activities	Business-Type Activities	Totals
Developer Payments	\$ 126,400	\$ -	\$ 126,400
Unearned grant revenues	107,451	174,380	281,831
Unearned business license revenues	16,882	-	16,882
Miscellaneous unearned revenue	3,348	6,986	10,334
<b>Totals</b>	<b>\$ 254,081</b>	<b>\$ 181,366</b>	<b>\$ 435,447</b>

**B. Fund Financial Statements**

At June 30, 2011, the following deferred revenues were recorded in the Governmental Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period because the revenues were not received within 60 days after the fiscal year end:

	Governmental Funds			Total
	General Fund	CDBG Grant	Non-Major Governmental Funds	
Receivables not received within 60 days	\$ 74,212	\$ 718,703	\$ 50,728	\$ 843,643
Developer Payment	-	-	126,400	126,400
Unearned grant revenues	107,451	-	-	107,451
Unearned business license revenues	16,882	-	-	16,882
Miscellaneous unearned revenue	-	-	3,348	3,348
	<b>\$ 198,545</b>	<b>\$ 718,703</b>	<b>\$ 180,476</b>	<b>\$ 1,097,724</b>

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**7. LONG-TERM LIABILITIES**

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

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

	Original Issue Amount	Balance July 1, 2010	Retirements	Balance June 30, 2011	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<i>City Debt:</i>					
1997 Firehouse General Obligation Bonds 5.5-6.375%, due 9/01/2018	\$ 420,000	\$ 189,000	\$ (18,000)	\$ 171,000	\$ 20,000
Fire Truck Capital Lease 4.67%, due 5/21/2013	394,131	210,536	(67,001)	143,535	70,130
<i>Redevelopment Agency Debt:</i>					
1991 Tax Allocation Bonds 7.0-7.5%, due 5/01/2011	920,000	90,000	(90,000)	-	-
<b>Total Governmental Activity Debt</b>		<u>\$ 489,536</u>	<u>\$ (175,001)</u>	<u>\$ 314,535</u>	<u>\$ 90,130</u>
<b>Business-Type Activities:</b>					
2000 Water and Wastewater Revenue Bonds 4.2-5.8%, due 10/01/2030	\$ 1,550,000	\$ 1,295,000	\$ (35,000)	\$ 1,260,000	\$ 35,000
Airport Hangar Capital Lease 5.57%, due 2013	95,069	25,729	(8,110)	17,619	8,568
Less: unamortized discount		<u>(68,944)</u>	<u>3,447</u>	<u>(65,497)</u>	<u>-</u>
<b>Total Business-Type Activity Debt</b>		<u>\$ 1,251,785</u>	<u>\$ (39,663)</u>	<u>\$ 1,212,122</u>	<u>\$ 43,568</u>

1977 Firehouse General Obligation Bonds

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

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

Fire Truck Capital Lease

On May 8, 2007, the City entered into a lease agreement in the amount of \$394,131 at 4.67% interest with Oshkosh Capital to finance the purchase of a fire truck. Annual principal and interest payments of \$76,833 are due through May 21, 2013. The fire truck is included in capital assets at \$159,529, net of accumulated depreciation of \$234,602.

1991 Redevelopment Agency Tax Allocation Bonds

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

The Agency has pledged all future tax increment revenues, less amounts required to be set aside in the Redevelopment Agency Low/Mod Income Housing Special Revenue Fund, for the repayment of the 1991 Bonds. The pledge of all future tax increment revenues ended upon repayment of debt service on the Bonds, which occurred on May 1, 2011. For fiscal year 2011, net tax increment revenue amounted to \$598,729 which represented coverage of 619% over the \$96,750 of debt service.

2000 Water and Wastewater Revenue Bonds

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

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay the 2000 Bonds through October 1, 2030. The Sewer Enterprise Fund's total principal and interest remaining to be paid on the 2000 Bonds is \$2,115,926. The Sewer Fund's principal and interest paid for the current year and total customer net revenues were \$105,890 and \$2,325,177, respectively. The minimum coverage of net revenues over debt service required in the bond indenture is 120%; however, the coverage for the year ended June 30, 2011 was 2,196%.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

1998 Airport Hangar Capital Lease

In 1998, the City leased a prefabricated airplane hangar with an option to purchase the hangar at residual value at the end of the lease. Annual principal and interest payments of \$9,430 are made from airport revenues through 2013. The present value of the total of the lease payments is recorded as long-term debt. The airport hangar is included in capital assets at \$70,510, net of accumulated amortization of \$24,559.

Annual debt service requirements are shown below:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$ 90,130	\$ 27,948	\$ 43,568	\$ 71,753
2013	94,405	16,893	49,051	69,347
2014	23,000	12,336	40,000	66,838
2015	24,000	7,528	40,000	64,638
2016	26,000	604	45,000	62,300
2017-2021	57,000	13,571	260,000	270,456
2022-2026	-	-	350,000	183,687
2027-2031	-	-	450,000	68,150
<b>Total</b>	<b>\$ 314,535</b>	<b>\$ 78,880</b>	<b>\$ 1,277,619</b>	<b>\$ 857,169</b>
Reconciliation of long-term debt				
Less unamortized discount			(65,497)	
<b>Total</b>			<b>\$ 1,212,122</b>	

For proprietary fund types, bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the effective interest method.



**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

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

At June 30, 2011, the outstanding principal amount of bonded debt issued by special assessment districts in the City to provide for improvements was as follows:

Community Facilities District No. 2004-1	\$ 14,540,000
Community Facilities District No. 2006-1	14,470,000
Reassessment District No. 2007-1R Refunding Bonds	1,261,800

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

**8. COMPENSATED ABSENCES**

The City records a liability to recognize the financial effect of unused vacation and other compensated absences. The total of vacation and other compensated absences is \$284,781.

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due Within One Year
<b>Governmental Activities</b>	\$ 240,613	\$ 79,651	\$ (87,244)	\$ 233,020	\$ 44,081
<b>Business-Type Activities</b>	53,975	24,844	(27,056)	51,763	13,732
<b>Total</b>	<u>\$ 294,588</u>	<u>\$ 104,495</u>	<u>\$ (114,300)</u>	<u>\$ 284,783</u>	<u>\$ 57,813</u>

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**9. DEFINED BENEFIT PENSION PLAN**

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

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

Funding Policy - Active members are required by State statute to contribute 7% of their annual salary if a miscellaneous member, and 9% if a safety member. The City employer makes the contributions required of City employees on their behalf and for their account, which amounted to \$145,306 for the year ended June 30, 2011. The City's employer required contributions rate for Safety employees was 24.474% and for Miscellaneous employees was 15.463% for the fiscal year.

Annual Pension Cost - For 2010-11, the City's annual pension cost of \$366,710 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases range from 3.25% to 14.45% for miscellaneous employees and 3.25% to 14.45% for safety employees depending on age, service, and type of employment, and (c) 3.25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.00%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period. PERS unfunded actuarial liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period as of June 30, 2008 was 12 years for safety employees and 15 years for miscellaneous employees for prior and current service unfunded liability.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

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

**THREE-YEAR TREND INFORMATION FOR PERS**

Fiscal Year	Annual Pension Cost (APC)		Total APC	Percentage of APC Funded	Net Pension Obligation
	Miscellaneous Rate Plan	Safety Rate Plan			
6/30/2009	\$ -	\$ -	\$ 385,719	100%	-
6/30/2010	108,806	229,678	338,484	100%	-
6/30/2011	120,127	246,583	366,710	100%	-

*B. Funding Status as of the Most Recent Actuarial Date*

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

*C. Miscellaneous Plan and Safety Plan Side Funds*

In July 2005, the City's Miscellaneous and Safety Plans were terminated, and the employees in those plans were required by CALPERS to join new State-wide pools. One of the conditions of entry to these pools was that the City true-up any unfunded liabilities in the former Plans, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The City satisfied its Miscellaneous Plan and Safety Plan unfunded liabilities by agreeing to contribute to the side funds through an addition to its normal contribution rates over the next 5 and 7 years, respectively. The balance of the Miscellaneous Plan side fund was \$455,042 at June 30, 2011. The balance of the Safety Plan side fund was \$1,024,532 at June 30, 2011.

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

*Plan Description*

The City provides health care benefits for all retired employees based on retirement age of 50 for safety employees and 55 for all other employees, with 15 years of continuous service. These retirees receive one year of fully paid City health, dental and eye care coverage. If the retiree becomes eligible for Medicare, these benefits are integrated with the Medicare plan. After one year period, a retired full time City employee is permitted to participate in the City health, dental and eye care program, provided, however, that said retiree pay his or her entire premium, and that if eligible for Medicare that said benefits be integrated with said Medicare plan. As an exception to the City's OPEB benefit plan, the City approved a retirement plan with a retired employee, which grants full health, dental and eye care benefits to the retired employee for his life time.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

*Funding Policy, Status and Progress*

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

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

*Annual OPEB Cost and Net OPEB Obligation*

The City is not required by law or contractual agreement to provide funding for retiree health costs other than the pay-as-you-go amount necessary to provide current benefits to retirees. The City has not set up a trust fund and is currently paying benefits from the City's General Fund.

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table illustrates the City's June 30, 2011 Net OPEB Obligation:

Annual required contribution	\$	75,267
Interest on net OPEB obligation		2,443
Amortization of net OPEB obligation		-
Annual OPEB cost		77,710
Payments made		(15,413)
Increase in net OPEB obligation		62,297
Net OPEB obligation - beginning of the year		61,086
Estimated NET OPEB Obligation June 30, 2011	\$	<u>123,383</u>

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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

The City's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 is as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions Made	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	75,267	14,181	18.8%	61,086
6/30/2011	77,710	15,413	19.8%	123,383

***Actuarial Methods and Assumptions***

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

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

**11. DEFERRED COMPENSATION PLAN**

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

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

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**12. RISK MANAGEMENT**

*A. Coverage*

The City is a member of the Northern California Cities Self Insurance Fund (NCCSIF), which covers general liability claims up to \$40,000,000 and worker’s compensation claims up to the statutory limit and up to \$5,000,000 for employer’s liability. The City has a self-insured retention or deductible of \$50,000 per claim for general liability claims. The City’s self-insured retention is \$100,000 for worker’s compensation claims. Once the City’s self-insured retention for claims is met, NCCSIF becomes responsible for payment of all claims up to the limit. During the fiscal year ended June 30, 2011, the City contributed \$25,657 for current year premiums.

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

The City also has commercial policies which provide commercial property and airport liability coverage up to a maximum of \$16.1 million and \$5 million, respectively, per claim. The City has a deductible or uninsured liability of \$1,000 per claim for the commercial property coverage and no deductible for airport liability coverage.

*B. Liability for Uninsured Claims*

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

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

	June 30		
	2011	2010	2009
Balance at beginning of year	\$ 130,114	\$ 130,114	\$ 117,150
Addition	35,319	33,310	19,354
Deletion	(35,319)	(33,310)	(6,390)
Balance at end of year	<u>\$ 130,114</u>	<u>\$ 130,114</u>	<u>\$ 130,114</u>

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**13. LANDFILL POST-CLOSURE COSTS**

As required by State and federal laws and regulations, the City placed a final cover on its closed landfill site in 2002 and is performing maintenance and monitoring functions at the site for 30 years after closure. As of June 30, 2011, the City has accrued \$906,131 to cover the costs of these functions.

**14. CLASSIFICATION OF FUND BALANCES**

In the fund financial statements, fund balances are classified in the following categories:

	Major Governmental Funds		Other Government Funds	Total Government
	General	General CDBG Grant		
<b>Fund Balances</b>				
<b>Nonspendable fund balance:</b>				
Prepays and Supplies	\$ 45,432	\$ -	\$ -	\$ 45,432
Advances to Other Funds	1,062,932	-	-	1,062,932
	<u>1,108,364</u>	<u>-</u>	<u>-</u>	<u>1,108,364</u>
<b>Restricted fund balance for:</b>				
Economic Development	-	-	219,599	219,599
Debt Service	-	-	78,270	78,270
Redevelopment	-	-	1,693,784	1,693,784
Streets and Capital Projects	-	-	428,418	428,418
Community Development	-	-	247,461	247,461
Public Safety	-	-	341,354	341,354
	<u>-</u>	<u>-</u>	<u>3,008,886</u>	<u>3,008,886</u>
<b>Committed fund balance for:</b>				
Vehicle Replacement	-	-	51,931	51,931
	<u>-</u>	<u>-</u>	<u>51,931</u>	<u>51,931</u>
<b>Assigned fund balance for:</b>				
Storm Drain Projects	-	-	162,104	162,104
Road Way Impact	-	-	519,713	519,713
Municipal Improvement	-	-	3,324,747	3,324,747
Hazardous Waste	-	-	120,914	120,914
Landfill closure	-	-	351,813	351,813
Parks & Recreation	-	-	393,562	393,562
	<u>-</u>	<u>-</u>	<u>4,872,853</u>	<u>4,479,291</u>
<b>Unassigned fund balance</b>	784,937	(852,837)	(233,277)	(301,177)
<b>Total Fund Balances</b>	<u>\$ 1,893,301</u>	<u>\$ (852,837)</u>	<u>\$ 7,700,393</u>	<u>\$ 7,284,363</u>

**15. 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 \$144,519.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**16. COMMITMENTS AND CONTINGENT LIABILITIES**

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

***A. Construction and Other Commitments***

The City received Federal earmark fund in the amount of \$560,000 for two projects. The first project, of which \$362,000 was allocated, was for the Rio Vista Bridge Study. There was a city match of \$90,500. The second project, in the amount of \$198,000, was for installation of street signs throughout Rio Vista. The City has the following outstanding commitments at June 30, 2011:

Rio Vista Bridge Study	\$44,842
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***B. Delta Rural Fire Protection District***

The City entered into a contractual agreement to provide fire protection services to the Delta Rural Fire Protection District. The contract is for the amount received by Delta from the Sacramento County Auditor-Controller attributable to the service area for that fiscal year. The agreement commenced on January 1, 1996 and is effective for twenty years. On October 16, 2008, the City Council and Delta Rural Fire amended the agreement to reflect that aside from receiving all property taxes generated by Delta Rural Fire, the City would also be entitled to 75% of all Delta Rural Fire assessments for capital purchases. Additionally, if either party chooses to terminate the agreement prior to the term of the contract which ends in 2016, parties must provide three years advance written notice to the other party.



**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

**17. PRIOR PERIOD ADJUSTMENTS**

In the fiscal year 2011, the City made following prior period adjustments to restate its previously issued financial statements:

- Recorded audit fees of \$20,050 for the fiscal year 2009/2010 in the General Fund
- Recorded prior year's grant revenues of \$48,210 in the Transit Fund
- Recorded the reimbursements of \$172,969 from developers in the Private Developers Revolving Funds.
- Recorded the reimbursement of \$79,864 from California Department Parks and Recreation for the Waterfront Promenade Pilot Project Improvement Project in the governmental activities.

Government-Wide Financial Statements

	Net Assets, as Previously Reported	Prior Period Adjustments			Net Assets, as Restated
		Expenses	Charges For Services	Grant Revenues	
<b>Governmental Activities</b>					
Net assets	\$ 16,142,999	\$ (20,050)	\$ 172,969	\$ 79,864	\$ 16,375,782
<b>Business-type Activities</b>					
Net assets	\$ 62,524,146	\$ -	\$ -	\$ 48,210	\$ 62,572,356

Fund Financial Statements

	Fund Balance, as Previously Reported	Prior Period Adjustments			Fund Balance, as Restated
		Expenses	Charges For Services	Grant Revenues	
<b>Governmental Funds:</b>					
General Fund	\$ 1,823,162	\$ (20,050)	\$ -	\$ -	\$ 1,803,112
Private Developers Revolving Loan Fund	\$ 43,574	\$ -	\$ 172,969	\$ -	\$ 216,543
<b>Enterprise Funds:</b>					
Transit	\$ 337,562	\$ -	\$ -	\$ 48,210	\$ 385,772

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**18. DISSOLUTIONS OF CALIFORNIA REDEVELOPMENT AGENCIES**

On December 29, 2011, the Supreme Court of the State of California upheld the enforceability of legislation that provides for the dissolutions of California redevelopment agencies, but struck down the Assembly Bill X1 27 which would have provided a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program.

Assembly Bill X1 26 signed into law as part of the State's budget package on June 29, 2011, requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets, prepare for the impending dissolution of the agency, and transfer all of its assets to a successor agency that is governed by an oversight board representing the various taxing jurisdictions in the community.

Assembly Bill X1 26 also required each agency to adopt an Enforceable Obligation Payment Schedule and draft a Recognized Obligation Payment Schedule prior to September 30, 2011. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments, judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in Assembly Bill X1 26. Only the amount of tax revenues necessary to fund the payments reflected on the Enforceable Obligation Payment Schedule will be allocated to the successor agencies.

Assembly Bill X1 26 directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X1 26.

On March 17, 2011, the City of Rio Vista and the Redevelopment Agency authorized the expenditure of tax increment funds for specified public improvements and redevelopment activities, adopting findings required by Health and Safety Code Section 33445, and authorizing the execution of a cooperative agreement with between the City and the Redevelopment Agency.

On August 24, 2011, the City adopted an Enforceable Obligation Payment Schedule for the Redevelopment Agency.

On January 10, 2012, the City Council opted by minute order to serve as the Successor Agency of the Redevelopment Agency and on January 25, 2012, the City Council adopted Resolution 2012-011 electing not to retain the housing functions of the RDA. In accordance with California Assembly Bill No. 1484, the City of Rio Vista completed a Due Diligence review for the Low and Moderate Income Housing Fund of the RDA Successor Agency. The City remitted the balance of \$919,943 to Solano County in November 2012 and the funds were then distributed to the respective taxing agencies.

**City of Rio Vista**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2011**

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**19. FUND BALANCE**

*A. Deficit Fund Balances*

At June 30, 2011, the funds below had the following deficit fund balance:

<b>Governmental Funds:</b>		
CDBG Grants Fund	\$	852,838
Army Base Reuse		125,181
Capital Project		78,941

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

At June 30, 2011, the funds below had the following deficit unrestricted net assets.

<b>Enterprise Funds:</b>		
Beach Drive Treatment Facility Fund	\$	1,070,915
Sewer Construction Fund		129,006
Airport Fund		1,123,567

Deficit unrestricted net assets for the enterprise funds will be cured by future grant revenues or transfers from the General Fund.

**20. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

*The following funds had expenditures that exceeded appropriations:*

<b>Non-Major Governmental Funds:</b>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Community Development Block Grant Fund	\$ -	\$ 11,859	\$ (11,859)
Storm Drain Capital Project Fund	9,775	17,777	(8,002)
Municipal Improvements Capital Project Fund	-	6,809	(6,809)
Capital Project Fund	-	79,133	(79,133)

- The CDBG fund experienced \$11,859 in unanticipated costs to appeal the remaining balance with HCD.
- The Storm Drain Capital Project fund had emergency repairs which caused a variance of \$8,002 during the fiscal year.
- The Municipal Improvements fund incurred additional expenditures of \$6,809 due to fees for a public works project.
- The Capital Project Fund was a new fund created during fiscal year 2010-11 causing a variance of \$79,133.

**REQUIRED SUPPLEMENTARY INFORMATION**

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# City of Rio Vista

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

### General Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes and assessments	\$ 2,466,341	2,576,611	\$ 2,081,593	\$ (495,018)
Licenses and permits	337,368	150,560	172,757	22,197
Use of money and property	26,710	110,792	238,808	128,016
Charges for services	441,275	410,644	308,848	(101,796)
Intergovernmental	648,600	38,322	530,086	491,764
Fines and forfeitures	767,047	33,996	54,191	20,195
Other	24,392	140,796	15,306	(125,490)
Grants	-	490,600	385,198	(105,402)
<b>Total revenues</b>	<b>4,711,733</b>	<b>3,952,321</b>	<b>3,786,787</b>	<b>(165,534)</b>
<b>EXPENDITURES:</b>				
Current:				
Administrative	988,924	320,395	431,244	(110,849)
Police protection	1,069,742	1,756,756	1,712,550	44,206
Fire protection	1,694,331	767,510	796,708	(29,198)
Redevelopment	8,000	8,000	4,621	3,379
Streets and highways	207,710	83,481	93,893	(10,412)
Corporation yard	83,003	53,744	59,797	(6,053)
Building regulations	72,980	62,330	77,752	(15,422)
Planning	110,267	74,010	78,786	(4,776)
Economic development	36,469	29,594	36,304	(6,710)
Public works	153,535	291,881	138,379	153,502
Parks	141,814	108,850	134,261	(25,411)
Swimming pool	36,135	30,238	47,317	(17,079)
Recreation and youth center	10,635	1,000	8,738	(7,738)
Capital outlay	313,400	313,400	121,104	192,296
Debt Service:				
Principal repayment	67,001	67,001	67,001	-
Interest and fiscal charges	9,832	9,832	9,832	-
<b>Total expenditures</b>	<b>5,003,778</b>	<b>3,978,022</b>	<b>3,818,287</b>	<b>159,735</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>(292,045)</b>	<b>(25,701)</b>	<b>(31,500)</b>	<b>(5,799)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	79,858	79,858	76,833	(3,025)
<b>Total other financing sources (uses)</b>	<b>79,858</b>	<b>79,858</b>	<b>76,833</b>	<b>(3,025)</b>
<b>Net change in fund balances</b>	<b>\$ (212,187)</b>	<b>\$ 54,157</b>	<b>45,333</b>	<b>\$ (8,824)</b>
<b>FUND BALANCES:</b>				
Beginning of year			1,847,968	
End of year			<b>\$ 1,893,301</b>	

# City of Rio Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Community Development Block Grant Fund For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Grants	\$ -	\$ -	\$ 14,526	\$ 14,526
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>14,526</b>	<b>14,526</b>
<b>EXPENDITURES:</b>				
Public Works	-	-	11,858	(11,858)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>11,858</b>	<b>(11,858)</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>2,668</b>	<b>2,668</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>2,668</b>	<b>\$ 2,668</b>
<b>FUND BALANCES:</b>				
Beginning of year			(855,505)	
End of year			\$ (852,837)	

**City of Rio Vista**  
**Notes to Required Supplementary Information**  
**For the year ended June 30, 2011**

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**1. BUDGETARY BASIS OF ACCOUNTING**

*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.

**2. DEFINED BENEFIT PENSION PLAN**

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

**3. OTHER POSTEMPLOYMENT BENEFIT PLAN**

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

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



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## **SUPPLEMENTARY INFORMATION**

**City of Rio Vista**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds**  
**June 30, 2011**

	Special Revenue Funds				
	Police High Tech Grant	Law Enforcement	Asset Forfeiture	ATOD Grant	Redevelopment Agency Low/Mod Housing
<b>ASSETS</b>					
Cash and investments	\$ 2	\$ 97,003	\$ 12,315	\$ -	\$ 701,336
Restricted cash and investments	-	-	13,662	-	-
Receivables:					
Accounts	-	16,645	-	29,766	-
Interest	-	66	18	-	480
Prepays and others	-	-	-	523	-
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	164,011
Notes receivable	-	-	-	-	-
<b>Total assets</b>	<b>\$ 2</b>	<b>\$ 113,714</b>	<b>\$ 25,995</b>	<b>\$ 30,289</b>	<b>\$ 865,827</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ -	\$ -	\$ 3,544	\$ 923
Accrued salaries and wages	-	-	-	1,167	1,020
Accrued expense	-	-	5,771	-	-
Deposits	-	-	-	-	-
Due to other funds	-	-	-	3,389	-
Deferred Revenue	-	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>5,771</b>	<b>8,100</b>	<b>1,943</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	2	113,714	20,224	22,189	863,884
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>2</b>	<b>113,714</b>	<b>20,224</b>	<b>22,189</b>	<b>863,884</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2</b>	<b>\$ 113,714</b>	<b>\$ 25,995</b>	<b>\$ 30,289</b>	<b>\$ 865,827</b>

Special Revenue Funds

Redevelopment Agency	Private Developers Revolving Fund	Gas Tax	CDBG Housing Rehabilitation	Street Projects	Personnel Services District
\$ 239,334	\$ 217,475	\$ 432,207	\$ 104,171	\$ -	\$ 185,193
-	8	-	-	-	-
-	47,662	24	28,945	-	-
133	149	296	70	-	127
-	-	-	-	-	-
818,427	-	-	-	-	-
-	-	-	-	-	-
-	-	-	114,275	-	-
<u>\$ 1,057,894</u>	<u>\$ 265,294</u>	<u>\$ 432,527</u>	<u>\$ 247,461</u>	<u>\$ -</u>	<u>\$ 185,320</u>

\$ 27,635	\$ 45,695	\$ 2,804	\$ -	\$ -	\$ 95
1,889	-	1,305	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
198,470	-	-	-	-	-
<u>227,994</u>	<u>45,695</u>	<u>4,109</u>	<u>-</u>	<u>-</u>	<u>95</u>

-	-	-	-	-	-
829,900	219,599	428,418	247,461	-	185,225
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>829,900</u>	<u>219,599</u>	<u>428,418</u>	<u>247,461</u>	<u>-</u>	<u>185,225</u>

<u>\$ 1,057,894</u>	<u>\$ 265,294</u>	<u>\$ 432,527</u>	<u>\$ 247,461</u>	<u>\$ -</u>	<u>\$ 185,320</u>
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**City of Rio Vista**  
**Combining Balance Sheet**  
**Non-Major Governmental Funds, Continued**  
**June 30, 2011**

	Capital Project Funds				
	Vehicle Replacement	Storm Drain	Roadway Impact	Municipal Improvements	Hazardous Waste
<b>ASSETS</b>					
Cash and investments	\$ 51,896	\$ 159,412	\$ 521,804	\$ 904,173	\$ 102,740
Restricted cash and investments	-	-	-	-	-
Receivables:					
Accounts	-	4,631	899	-	18,486
Interest	35	111	357	619	70
Prepays and others	-	-	-	-	-
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	2,419,955	-
Notes receivable	-	-	-	-	-
<b>Total assets</b>	<b>\$ 51,931</b>	<b>\$ 164,154</b>	<b>\$ 523,060</b>	<b>\$ 3,324,747</b>	<b>\$ 121,296</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ -	\$ 2,050	\$ -	\$ -	\$ 62
Accrued salaries and wages	-	-	-	-	320
Accrued expense	-	-	-	-	-
Deposits	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deferred Revenue	-	-	3,347	-	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>2,050</b>	<b>3,347</b>	<b>-</b>	<b>382</b>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	51,931	-	-	-	-
Assigned	-	162,104	519,713	3,324,747	120,914
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>51,931</b>	<b>162,104</b>	<b>519,713</b>	<b>3,324,747</b>	<b>120,914</b>
<b>Total liabilities and fund balances</b>	<b>\$ 51,931</b>	<b>\$ 164,154</b>	<b>\$ 523,060</b>	<b>\$ 3,324,747</b>	<b>\$ 121,296</b>

Capital Project Funds				Debt Service Fund		Total Non-Major Governmental Funds
Landfill Closure	Army Base Reuse	Parks and Recreation	Capital Projects	Firehouse Bond		
\$ 327,383	\$ -	\$ 419,674	\$ 58,019	\$ 78,216	\$	4,612,353
-	-	-	-	-		13,670
25,107	105,364	-	104,575	-		382,104
224	-	287	40	54		3,136
-	-	-	-	-		523
-	-	-	-	-		818,427
-	-	100,000	-	-		2,683,966
-	-	-	-	-		114,275
<u>\$ 352,714</u>	<u>\$ 105,364</u>	<u>\$ 519,961</u>	<u>\$ 162,634</u>	<u>\$ 78,270</u>		<u>\$ 8,628,454</u>
\$ 901	\$ 5,415	\$ -	\$ -	\$ -	\$	89,124
-	-	-	-	-		5,701
-	-	-	-	-		5,771
-	3,000	-	-	-		3,000
-	49,331	-	220,000	-		272,720
-	29,155	126,399	21,575	-		180,476
-	172,799	-	-	-		371,269
<u>901</u>	<u>259,700</u>	<u>126,399</u>	<u>241,575</u>	<u>-</u>		<u>928,061</u>
-	-	-	-	-		-
-	-	-	-	78,270		3,008,886
-	-	-	-	-		51,931
351,813	-	393,562	-	-		4,872,853
-	(154,336)	-	(78,941)	-		(233,277)
<u>351,813</u>	<u>(154,336)</u>	<u>393,562</u>	<u>(78,941)</u>	<u>78,270</u>		<u>7,700,393</u>
<u>\$ 352,714</u>	<u>\$ 105,364</u>	<u>\$ 519,961</u>	<u>\$ 162,634</u>	<u>\$ 78,270</u>		<u>\$ 8,628,454</u>

(Concluded)

**City of Rio Vista**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the year ended June 30, 2011**

	Special Revenue Funds				
	Police High Tech Grant	Law Enforcement	Asset Forfeiture	ATOD Grant	Redevelopment Agency Low/Mod Housing
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 149,682
Licenses and permits	-	-	-	-	-
Use of money and property	-	321	86	-	2,323
Charges for services	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Other	-	-	-	-	-
Grants	-	100,000	-	76,384	-
<b>Total revenues</b>	<b>-</b>	<b>100,321</b>	<b>86</b>	<b>76,384</b>	<b>152,005</b>
<b>EXPENDITURES:</b>					
Current:					
Police protection	-	-	-	-	-
Redevelopment	-	-	-	-	93,191
Planning	-	-	-	-	-
Public works	-	-	-	-	-
Recreation and youth center	-	-	-	68,038	-
Solidwaste	-	-	-	-	-
Capital outlay	-	2,034	-	-	-
Debt service:					
Principal repayment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>2,034</b>	<b>-</b>	<b>68,038</b>	<b>93,191</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>98,287</b>	<b>86</b>	<b>8,346</b>	<b>58,814</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>98,287</b>	<b>86</b>	<b>8,346</b>	<b>58,814</b>
<b>FUND BALANCES:</b>					
Beginning of year (as restated)	2	15,427	20,138	13,843	805,070
End of year	\$ 2	\$ 113,714	\$ 20,224	\$ 22,189	\$ 863,884

Special Revenue Funds

Redevelopment Agency	Private Developers Revolving Fund	Gas Tax	CDBG Housing Rehabilitation	Street Projects	Personnel Services District
\$ 598,729	\$ -	\$ -	\$ -	\$ -	\$ 115,730
-	-	-	-	-	-
644	720	1,432	1,710	-	614
-	-	-	-	-	-
-	-	222,191	-	-	-
625	2,336	-	-	-	-
-	-	-	-	220,078	-
599,998	3,056	223,623	1,710	220,078	116,344
-	-	-	-	-	72,548
390,387	-	-	-	-	-
-	-	-	-	-	-
-	-	138,750	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
90,000	-	-	-	-	-
19,385	-	-	-	-	-
499,772	-	138,750	-	-	72,548
100,226	3,056	84,873	1,710	220,078	43,796
-	-	-	-	-	-
-	-	-	-	-	-
100,226	3,056	84,873	1,710	220,078	43,796
729,674	216,543	343,545	245,751	(220,078)	141,429
\$ 829,900	\$ 219,599	\$ 428,418	\$ 247,461	\$ -	\$ 185,225

(Continued)



**City of Rio Vista**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Governmental Funds, Continued**  
**For the year ended June 30, 2011**

	Capital Project Funds				
	Vehicle Replacement	Storm Drain	Roadway Impact	Municipal Improvements	Hazardous Waste
<b>REVENUES:</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	14,797	95,950	-
Use of money and property	172	528	1,728	2,994	340
Charges for services	-	22,119	-	-	92,424
Intergovernmental	-	-	-	-	-
Other	-	-	-	-	-
Grants	-	-	-	-	1,987
<b>Total revenues</b>	<b>172</b>	<b>22,647</b>	<b>16,525</b>	<b>98,944</b>	<b>94,751</b>
<b>EXPENDITURES:</b>					
Current:					
Police protection	-	-	-	-	-
Redevelopment	-	-	-	-	-
Planning	-	-	-	-	-
Public works	-	17,777	-	6,809	-
Recreation and youth center	-	-	-	-	-
Solidwaste	-	-	-	-	45,285
Capital outlay	-	-	-	-	-
Debt service:					
Principal repayment	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>17,777</b>	<b>-</b>	<b>6,809</b>	<b>45,285</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>172</b>	<b>4,870</b>	<b>16,525</b>	<b>92,135</b>	<b>49,466</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers out	-	-	-	(76,833)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(76,833)</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>172</b>	<b>4,870</b>	<b>16,525</b>	<b>15,302</b>	<b>49,466</b>
<b>FUND BALANCES:</b>					
Beginning of year (as restated)	51,759	157,234	503,188	3,309,445	71,448
End of year	<u>\$ 51,931</u>	<u>\$ 162,104</u>	<u>\$ 519,713</u>	<u>\$ 3,324,747</u>	<u>\$ 120,914</u>

Capital Project Funds				Debt Service Fund	Total Non-Major Governmental Funds
Landfill Closure	Army Base Reuse	Parks and Recreation	Capital Projects	Firehouse Bond	
\$ -	\$ -	\$ -	\$ -	\$ 28,416	\$ 892,557
97,751	-	31,517	-	-	240,015
1,084	10,000	1,390	192	259	26,537
-	-	-	-	-	114,543
-	-	-	-	483	222,674
-	74,678	-	-	-	77,639
-	-	-	-	-	398,449
98,835	84,678	32,907	192	29,158	1,972,414
-	-	-	-	-	72,548
-	-	-	-	-	483,578
-	62,496	-	-	-	62,496
-	-	-	60,137	-	223,473
-	-	-	-	-	68,038
47,741	-	-	-	-	93,026
-	-	-	18,996	-	21,030
-	-	-	-	18,000	108,000
-	-	-	-	10,741	30,126
47,741	62,496	-	79,133	28,741	1,162,315
51,094	22,182	32,907	(78,941)	417	810,099
-	-	-	-	-	(76,833)
-	-	-	-	-	(76,833)
51,094	22,182	32,907	(78,941)	417	733,266
300,719	(176,518)	360,655	-	77,853	6,967,127
\$ 351,813	\$ (154,336)	\$ 393,562	\$ (78,941)	\$ 78,270	\$ 7,700,393

(Concluded)

**City of Rio Vista**  
**Combining Statement of Net Assets**  
**Non-Major Enterprise Funds**  
**June 30, 2011**

	Water Construction	Water Fixed Assets	Sewer Construction	Sewer Fixed Assets	Business Park	Transit	Totals
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 511,580	\$ 152,134	\$ -	\$ 165,756	\$ 217,340	\$ 325,333	\$ 1,372,143
Restricted cash and investments	-	-	129,577	-	-	-	129,577
Receivables:							
Accounts	-	-	-	-	18,735	22,082	40,817
Interest	349	105	-	113	152	229	948
Prepaid items	-	-	-	-	-	1,223	1,223
<b>Total current assets</b>	<b>511,929</b>	<b>152,239</b>	<b>129,577</b>	<b>165,869</b>	<b>236,227</b>	<b>348,867</b>	<b>1,544,708</b>
Noncurrent assets:							
Advances to other funds	99,235	-	-	-	-	-	99,235
Capital assets:							
Land	-	-	-	-	23,184	-	23,184
Depreciable, net	-	-	-	-	490,818	194,571	685,389
<b>Total capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>514,002</b>	<b>194,571</b>	<b>708,573</b>
<b>Total noncurrent assets</b>	<b>99,235</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>514,002</b>	<b>194,571</b>	<b>807,808</b>
<b>Total assets</b>	<b>611,164</b>	<b>152,239</b>	<b>129,577</b>	<b>165,869</b>	<b>750,229</b>	<b>543,438</b>	<b>2,352,516</b>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	-	-	-	-	8,700	38,399	47,099
Accrued salary and wages	-	-	-	-	460	913	1,373
Deposit payable	-	-	-	-	5,359	-	5,359
Due to other funds	-	-	129,006	-	-	-	129,006
Unearned revenue	-	-	-	-	-	174,380	174,380
Compensated absences - due within one year	-	-	-	-	347	387	734
<b>Total current liabilities</b>	<b>-</b>	<b>-</b>	<b>129,006</b>	<b>-</b>	<b>14,866</b>	<b>214,079</b>	<b>357,951</b>
Noncurrent liabilities:							
Compensated absences - due in more than one year	-	-	-	-	756	1,523	2,279
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>756</b>	<b>1,523</b>	<b>2,279</b>
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>129,006</b>	<b>-</b>	<b>15,622</b>	<b>215,602</b>	<b>360,230</b>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	-	-	-	-	514,002	194,571	708,573
Restricted for capital projects	-	-	129,577	-	-	-	129,577
Unrestricted	611,164	152,239	(129,006)	165,869	220,605	133,265	1,154,136
<b>Total net assets</b>	<b>\$ 611,164</b>	<b>\$ 152,239</b>	<b>\$ 571</b>	<b>\$ 165,869</b>	<b>\$ 734,607</b>	<b>\$ 327,836</b>	<b>\$ 1,992,286</b>

**City of Rio Vista**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Non-Major Enterprise Funds**  
**For the year ended June 30, 2011**

	Water Construction	Water Fixed Assets	Sewer Construction	Sewer Fixed Assets	Business Park	Transit	Totals
<b>OPERATING REVENUES:</b>							
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 632	\$ 114,935	\$ 115,567
Rents	-	-	-	-	101,132	-	101,132
Grant revenues	-	-	-	-	-	347,781	347,781
Other	-	-	-	-	260	11,898	12,158
<b>Total operating revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,024</b>	<b>474,614</b>	<b>576,638</b>
<b>OPERATING EXPENSES:</b>							
Salaries & benefits	-	-	-	-	17,841	34,681	52,522
Contract services	-	-	-	-	23,184	315,190	338,374
Supplies & materials	-	-	-	-	7,394	158,866	166,260
Utilities	-	-	-	-	2,142	-	2,142
Insurance	-	-	-	-	37	103	140
Maintenance & repair	85,894	-	-	-	754	-	86,648
Professional services	-	-	-	-	-	144	144
Miscellaneous	-	-	-	-	-	93	93
Depreciation	-	-	-	-	13,616	24,552	38,168
<b>Total operating expenses</b>	<b>85,894</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,968</b>	<b>533,629</b>	<b>684,491</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(85,894)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,056</b>	<b>(59,015)</b>	<b>(107,853)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>							
Interest revenue	8,011	504	571	549	720	1,079	11,434
<b>Total nonoperating revenue</b>	<b>8,011</b>	<b>504</b>	<b>571</b>	<b>549</b>	<b>720</b>	<b>1,079</b>	<b>11,434</b>
<b>INCOME (LOSS) BEFORE TRA</b>	<b>(77,883)</b>	<b>504</b>	<b>571</b>	<b>549</b>	<b>37,776</b>	<b>(57,936)</b>	<b>(96,419)</b>
<b>Change in net assets</b>	<b>(77,883)</b>	<b>504</b>	<b>571</b>	<b>549</b>	<b>37,776</b>	<b>(57,936)</b>	<b>(96,419)</b>
<b>NET ASSETS:</b>							
Beginning of year (as restated)	689,047	151,735	-	165,320	696,831	385,772	2,088,705
End of year	\$ 611,164	\$ 152,239	\$ 571	\$ 165,869	\$ 734,607	\$ 327,836	\$ 1,992,286

**City of Rio Vista**  
**Combining Statement of Cash Flows**  
**Non-Major Enterprise Funds**  
**For the year ended June 30, 2011**

	Water Construction	Water Fixed Assets	Sewer Construction	Sewer Fixed Assets	Business Park	Transit	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from customers & other agencies	\$ -	\$ -	\$ -	\$ -	\$ 86,302	\$ 477,860	\$ 564,162
Payments to suppliers/other fund	(85,894)	-	-	-	(26,063)	(529,374)	(641,331)
Payments to employees	-	-	-	-	(18,217)	(33,418)	(51,635)
Insurance premiums and claims paid	-	-	-	-	(37)	(103)	(140)
<b>Net cash provided (used) by operating activities</b>	<b>(85,894)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,985</b>	<b>(85,035)</b>	<b>(128,944)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Interfund receipts	11,078	-	-	-	8,364	64,875	84,317
Interfund payments	-	-	(36)	-	-	-	(36)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>11,078</b>	<b>-</b>	<b>(36)</b>	<b>-</b>	<b>8,364</b>	<b>64,875</b>	<b>84,281</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Interest income	8,414	603	571	659	645	1,109	12,001
<b>Net cash provided (used) by investing activities</b>	<b>8,414</b>	<b>603</b>	<b>571</b>	<b>659</b>	<b>645</b>	<b>1,109</b>	<b>12,001</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(66,402)</b>	<b>603</b>	<b>535</b>	<b>659</b>	<b>50,994</b>	<b>(19,051)</b>	<b>(32,662)</b>
<b>CASH AND CASH EQUIVALENTS:</b>							
Beginning of year	577,982	151,531	129,042	165,097	166,346	344,384	1,534,382
End of year	\$ 511,580	\$ 152,134	\$ 129,577	\$ 165,756	\$ 217,340	\$ 325,333	\$ 1,501,720
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>							
Operating income (loss)	\$ (85,894)	\$ -	\$ -	\$ -	\$ 37,056	\$ (59,015)	\$ (107,853)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	-	-	-	-	13,616	24,552	38,168
Changes in current assets and liabilities:							
Receivables, net	-	-	-	-	(15,722)	107,637	91,915
Prepaid expense	-	-	-	-	-	(1,223)	(1,223)
Unearned revenue	-	-	-	-	-	(104,391)	(104,391)
Accounts payable and other accrued expenses	-	-	-	-	7,411	(53,858)	(46,447)
Accrued salary	-	-	-	-	16	913	929
OPEB liabilities	-	-	-	-	-	(281)	(281)
Compensated absences	-	-	-	-	(392)	631	239
Total adjustments	-	-	-	-	4,929	(26,020)	(21,091)
<b>Net cash provided (used) by operating activities</b>	<b>\$ (85,894)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 41,985</b>	<b>\$ (85,035)</b>	<b>\$ (128,944)</b>

# City of Rio Vista

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

### Law Enforcement Special Revenue Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 100	\$ 100	\$ 321	\$ 221
Grants	100,000	100,000	100,000	-
<b>Total revenues</b>	<b>100,100</b>	<b>100,100</b>	<b>100,321</b>	<b>221</b>
<b>EXPENDITURES:</b>				
Capital outlay	100,100	100,100	2,034	98,066
<b>Total expenditures</b>	<b>100,100</b>	<b>100,100</b>	<b>2,034</b>	<b>98,066</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>98,287</b>	<b>98,287</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>98,287</b>	<b>\$ 98,287</b>
<b>FUND BALANCES:</b>				
Beginning of year			15,427	
End of year			<u>\$ 113,714</u>	

# City of Rio Vista

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

### Asset Forfeiture Special Revenue Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 200	\$ 200	\$ 86	\$ (114)
<b>Total revenues</b>	<u>200</u>	<u>200</u>	<u>86</u>	<u>(114)</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<u>200</u>	<u>200</u>	<u>86</u>	<u>(114)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(200)		200
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(200)</u>	<u>-</u>	<u>200</u>
<b>Net change in fund balances</b>	<u>\$ 200</u>	<u>\$ -</u>	<u>86</u>	<u>\$ 86</u>
<b>FUND BALANCES:</b>				
Beginning of year			<u>20,138</u>	
End of year			<u>\$ 20,224</u>	

# City of Rio Vista

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

### ATOD Grant Special Revenue Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Grants	\$ 76,468	\$ 76,468	\$ 76,384	\$ (84)
<b>Total revenues</b>	<b>76,468</b>	<b>76,468</b>	<b>76,384</b>	<b>(84)</b>
<b>EXPENDITURES:</b>				
Current:				
Recreation and youth center	76,468	76,468	68,038	8,430
<b>Total expenditures</b>	<b>76,468</b>	<b>76,468</b>	<b>68,038</b>	<b>8,430</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>8,346</b>	<b>8,346</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>8,346</b>	<b>\$ 8,346</b>
<b>FUND BALANCES:</b>				
Beginning of year			13,843	
End of year			\$ 22,189	



# City of Rio Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Redevelopment Agency Low- and Moderate-Income Housing Special Revenue Fund For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 198,739	\$ 150,060	\$ 149,682	\$ (378)
Use of money and property	4,100	2,500	2,323	(177)
<b>Total revenues</b>	<b>202,839</b>	<b>152,560</b>	<b>152,005</b>	<b>(555)</b>
<b>EXPENDITURES:</b>				
Current:				
Redevelopment	159,555	181,439	93,191	88,248
<b>Total expenditures</b>	<b>159,555</b>	<b>181,439</b>	<b>93,191</b>	<b>88,248</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>43,284</b>	<b>(28,879)</b>	<b>58,814</b>	<b>87,693</b>
<b>Net change in fund balances</b>	<b>\$ 43,284</b>	<b>\$ (28,879)</b>	<b>58,814</b>	<b>\$ 87,693</b>
<b>FUND BALANCES:</b>				
Beginning of year			805,070	
End of year			<b>\$ 863,884</b>	

# City of Rio Vista

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

### Redevelopment Agency Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 794,130	\$ 600,239	\$ 598,729	\$ (1,510)
Use of money and property	6,000	4,800	644	(4,156)
Other	-	-	625	625
<b>Total revenues</b>	<b>800,130</b>	<b>605,039</b>	<b>599,998</b>	<b>(5,666)</b>
<b>EXPENDITURES:</b>				
Redevelopment	344,212	585,259	390,387	194,872
Debt service:				
Principal repayment	112,157	112,157	90,000	22,157
Interest and fiscal charges	19,385	23,135	19,385	3,750
<b>Total expenditures</b>	<b>475,754</b>	<b>720,551</b>	<b>499,772</b>	<b>220,779</b>
<b>REVENUE OVER (UNDER) EXPENDITURES</b>	<b>324,376</b>	<b>(115,512)</b>	<b>100,226</b>	<b>215,738</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(220,234)	-	-	-
<b>Total other financing sources (uses)</b>	<b>(220,234)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ 104,142</b>	<b>\$ (115,512)</b>	<b>100,226</b>	<b>\$ 215,738</b>
<b>FUND BALANCES:</b>				
Beginning of year			729,674	
End of year			\$ 829,900	

# City of Rio Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Private Developers Revolving Special Revenue Fund For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 50	\$ 50	\$ 720	\$ 670
Other	12,450	12,450	2,336	(10,114)
<b>Total revenues</b>	<b>12,500</b>	<b>12,500</b>	<b>3,056</b>	<b>(9,444)</b>
<b>EXPENDITURES:</b>				
Current:				
Economic Development	12,500	12,500	-	12,500
<b>Total expenditures</b>	<b>12,500</b>	<b>12,500</b>	<b>-</b>	<b>12,500</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>3,056</b>	<b>(21,944)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>3,056</b>	<b>\$ (21,944)</b>
<b>FUND BALANCES:</b>				
Beginning of year			216,543	
End of year			<u>\$ 219,599</u>	

# City of Rio Vista

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

### Gas Tax Special Revenue Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 1,000	\$ 1,000	\$ 1,432	\$ 432
Intergovernmental	215,385	215,385	222,191	6,806
<b>Total revenues</b>	<b>216,385</b>	<b>216,385</b>	<b>223,623</b>	<b>7,238</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	231,796	231,796	138,750	93,046
<b>Total expenditures</b>	<b>231,796</b>	<b>231,796</b>	<b>138,750</b>	<b>93,046</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(15,411)</b>	<b>(15,411)</b>	<b>84,873</b>	<b>100,284</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	97,940	97,940	-	(97,940)
Transfers out	(82,529)	(82,529)	-	82,529
<b>Total other financing sources (uses)</b>	<b>15,411</b>	<b>15,411</b>	<b>-</b>	<b>(15,411)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>84,873</b>	<b>\$ 84,873</b>
<b>FUND BALANCES:</b>				
Beginning of year			343,545	
End of year			<b>\$ 428,418</b>	

# City of Rio Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual CDBG Housing Rehabilitation Special Revenue Fund For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 4,600	\$ 4,600	\$ 1,710	\$ (2,890)
<b>Total revenues</b>	<b>4,600</b>	<b>4,600</b>	<b>1,710</b>	<b>(2,890)</b>
<b>EXPENDITURES:</b>				
Current:				
Redevelopment		-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,600</b>	<b>4,600</b>	<b>1,710</b>	<b>(2,890)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(4,600)	(4,600)	-	4,600
<b>Total other financing sources (uses)</b>	<b>(4,600)</b>	<b>(4,600)</b>	<b>-</b>	<b>4,600</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>1,710</b>	<b>\$ 1,710</b>
<b>FUND BALANCES:</b>				
Beginning of year			245,751	
End of year			<u>\$ 247,461</u>	

# City of Rio Vista

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

### Street Projects Special Revenue Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Grants	\$ -	\$ -	\$ 220,078	\$ 220,078
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>220,078</b>	<b>220,078</b>
<b>EXPENDITURES:</b>				
Current:				
Streets & highways	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>220,078</b>	<b>220,078</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>220,078</b>	<b>\$ 220,078</b>
<b>FUND BALANCES:</b>				
Beginning of year			(220,078)	
End of year			\$ -	

# City of Rio Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Personnel Services District Special Revenue Fund For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 130,000	\$ 130,000	\$ 115,730	\$ (14,270)
Use of money and property	300	300	614	314
<b>Total revenues</b>	<b>130,300</b>	<b>130,300</b>	<b>116,344</b>	<b>(13,956)</b>
<b>EXPENDITURES:</b>				
Current:				
Police protection	107,989	106,462	72,548	33,914
<b>Total expenditures</b>	<b>107,989</b>	<b>106,462</b>	<b>72,548</b>	<b>33,914</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>22,311</b>	<b>23,838</b>	<b>43,796</b>	<b>19,958</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(22,311)	(22,311)	-	22,311
<b>Total other financing sources (uses)</b>	<b>(22,311)</b>	<b>(22,311)</b>	<b>-</b>	<b>22,311</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 1,527</b>	<b>43,796</b>	<b>\$ 42,269</b>
<b>FUND BALANCES:</b>				
Beginning of year			141,429	
End of year			\$ 185,225	

# City of Rio Vista

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

### Vehicle Replacement Capital Project Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 340	\$ 340	\$ 172	\$ (168)
Charges for services	-	-	-	-
<b>Total revenues</b>	<b>340</b>	<b>340</b>	<b>172</b>	<b>(168)</b>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>340</b>	<b>340</b>	<b>172</b>	<b>(168)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(340)	(340)	-	340
<b>Total other financing sources (uses)</b>	<b>(340)</b>	<b>(340)</b>	<b>-</b>	<b>340</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>172</b>	<b>\$ 172</b>
<b>FUND BALANCES:</b>				
Beginning of year			51,759	
End of year			<b>\$ 51,931</b>	



# City of Rio Vista

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

### Storm Drain Capital Project Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 800	\$ 800	\$ 528	\$ (272)
Charges for services	20,817	20,817	22,119	1,302
<b>Total revenues</b>	<b>21,617</b>	<b>21,617</b>	<b>22,647</b>	<b>1,030</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	14,078	9,775	17,777	(8,002)
<b>Total expenditures</b>	<b>14,078</b>	<b>9,775</b>	<b>17,777</b>	<b>(8,002)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,539</b>	<b>11,842</b>	<b>4,870</b>	<b>(6,972)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(7,539)	(11,842)	-	11,842
<b>Total other financing sources (uses)</b>	<b>(7,539)</b>	<b>(11,842)</b>	<b>-</b>	<b>11,842</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>4,870</b>	<b>\$ 4,870</b>
<b>FUND BALANCES:</b>				
Beginning of year			157,234	
End of year			<b>\$ 162,104</b>	

# City of Rio Vista

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

### Roadway Impact Capital Project Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Licenses and permits	\$ -	\$ -	\$ 14,797	\$ 14,797
Use of money and property	4,280	4,280	1,728	(2,552)
<b>Total revenues</b>	<b>4,280</b>	<b>4,280</b>	<b>16,525</b>	<b>12,245</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	4,280	-	(4,280)
Transfers out	(4,280)	(4,280)	-	4,280
<b>Total other financing sources (uses)</b>	<b>(4,280)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ 4,280</b>	<b>16,525</b>	<b>\$ 12,245</b>
<b>FUND BALANCES:</b>				
Beginning of year			503,188	
End of year			<u>\$ 519,713</u>	

# City of Rio Vista

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

### Municipal Improvements Capital Project Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 144,925	\$ 144,925	\$ -	\$ (144,925)
Use of money and property	12,000	12,000	2,994	(9,006)
<b>Total revenues</b>	<b>156,925</b>	<b>156,925</b>	<b>2,994</b>	<b>(153,931)</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	6,809	(6,809)
<b>Total expenditures</b>			<b>6,809</b>	<b>(6,809)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>156,925</b>	<b>156,925</b>	<b>(3,815)</b>	<b>(160,740)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(156,925)	(156,925)	(76,833)	80,092
<b>Total other financing sources (uses)</b>	<b>(156,925)</b>	<b>(156,925)</b>	<b>(76,833)</b>	<b>80,092</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(80,648)</b>	<b>\$ (80,648)</b>
<b>FUND BALANCES:</b>				
Beginning of year			3,309,445	
End of year			<u>\$ 3,228,797</u>	

# City of Rio Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Hazardous Waste Capital Project Fund For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 400	\$ 400	\$ 340	\$ (60)
Charges for services	86,400	86,400	92,424	6,024
Other	20	20	-	(20)
Grants	-	-	1,987	1,987
<b>Total revenues</b>	<b>86,820</b>	<b>86,820</b>	<b>94,751</b>	<b>7,931</b>
<b>EXPENDITURES:</b>				
Current:				
Solid waste	86,820	86,820	45,285	41,535
<b>Total expenditures</b>	<b>86,820</b>	<b>86,820</b>	<b>45,285</b>	<b>41,535</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>49,466</b>	<b>49,466</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>49,466</b>	<b>\$ 49,466</b>
<b>FUND BALANCES:</b>				
Beginning of year			71,448	
End of year			<b>\$ 120,914</b>	

# City of Rio Vista

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

### Landfill Closure Capital Project Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 84,000	\$ 84,000	\$ -	\$ (84,000)
Use of money and property	1,786	1,786	1,084	(702)
<b>Total revenues</b>	<b>85,786</b>	<b>85,786</b>	<b>1,084</b>	<b>(84,702)</b>
<b>EXPENDITURES:</b>				
Current:				
Solid waste	58,839	58,839	47,741	11,098
<b>Total expenditures</b>	<b>58,839</b>	<b>58,839</b>	<b>47,741</b>	<b>11,098</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>26,947</b>	<b>26,947</b>	<b>(46,657)</b>	<b>(73,604)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(26,947)	(26,947)	-	26,947
<b>Total other financing sources (uses)</b>	<b>(26,947)</b>	<b>(26,947)</b>	<b>-</b>	<b>26,947</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(46,657)</b>	<b>\$ (46,657)</b>
<b>FUND BALANCES:</b>				
Beginning of year			300,719	
End of year			\$ 254,062	

# City of Rio Vista

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

### Army Base Reuse Capital Project Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ 7,500	\$ 7,500	\$ 10,000	\$ 2,500
Other	116,791	116,791	74,678	(42,113)
<b>Total revenues</b>	<b>124,291</b>	<b>124,291</b>	<b>84,678</b>	<b>(39,613)</b>
<b>EXPENDITURES:</b>				
Current:				
Planning	119,819	119,819	62,496	57,323
<b>Total expenditures</b>	<b>119,819</b>	<b>119,819</b>	<b>62,496</b>	<b>57,323</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>4,472</b>	<b>4,472</b>	<b>22,182</b>	<b>17,710</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(4,472)	(4,472)	-	4,472
<b>Total other financing sources (uses)</b>	<b>(4,472)</b>	<b>(4,472)</b>	<b>-</b>	<b>4,472</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>22,182</b>	<b>\$ 22,182</b>
<b>FUND BALANCES:</b>				
Beginning of year			(176,518)	
End of year			<b>\$ (154,336)</b>	

# City of Rio Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Parks and Recreation Capital Project Fund For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 46,200	\$ 46,200	\$ -	\$ (46,200)
Use of money and property	3,160	3,160	1,390	(1,770)
<b>Total revenues</b>	<b>49,360</b>	<b>49,360</b>	<b>32,907</b>	<b>(16,453)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>49,360</b>	<b>49,360</b>	<b>32,907</b>	<b>(16,453)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	49,360	(49,360)	-	49,360
<b>Total other financing sources (uses)</b>	<b>49,360</b>	<b>(49,360)</b>	<b>-</b>	<b>49,360</b>
<b>Net change in fund balances</b>	<b>\$ 98,720</b>	<b>\$ -</b>	<b>32,907</b>	<b>\$ 32,907</b>
<b>FUND BALANCES:</b>				
Beginning of year			360,655	
End of year			<u>\$ 393,562</u>	

# City of Rio Vista

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

### Capital Project Fund

For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 192	\$ 192
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>192</b>	<b>192</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	60,137	(60,137)
Capital outlay	-	-	18,996	(18,996)
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>79,133</b>	<b>(79,133)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>(78,941)</b>	<b>79,325</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(78,941)</b>	<b>\$ 79,325</b>
<b>FUND BALANCES:</b>				
Beginning of year			-	
End of year			\$ (78,941)	



# City of Rio Vista

## Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Firehouse Bond Debt Service Fund For the year ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 29,000	\$ 29,000	\$ 28,416	\$ (584)
Use of money and property	400	400	259	(141)
Intergovernmental	290	290	483	193
<b>Total revenues</b>	<b>29,690</b>	<b>29,690</b>	<b>29,158</b>	<b>(532)</b>
<b>EXPENDITURES:</b>				
Debt service:				
Principal repayment	18,000	18,000	18,000	-
Interest and fiscal charges	11,366	11,366	10,741	625
<b>Total expenditures</b>	<b>29,366</b>	<b>29,366</b>	<b>28,741</b>	<b>625</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>324</b>	<b>324</b>	<b>417</b>	<b>(1,157)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(324)	(324)	-	324
<b>Total other financing sources (uses)</b>	<b>(324)</b>	<b>(324)</b>	<b>-</b>	<b>324</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>417</b>	<b>\$ (833)</b>
<b>FUND BALANCES:</b>				
Beginning of year			77,853	
End of year			<u>\$ 78,270</u>	

## **AGENCY FUNDS**

**City of Rio Vista**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the year ended June 30, 2011**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>Riverview Point</b>				
<b>Assets:</b>				
Cash and investments	\$ 233,918	\$ 398,465	\$ 394,233	\$ 238,150
Accounts receivable	69	-	-	69
Interest receivable	474	163	474	163
<b>Total assets</b>	<b>\$ 234,461</b>	<b>\$ 398,628</b>	<b>\$ 394,707</b>	<b>\$ 238,382</b>
<b>Liabilities:</b>				
Accounts payable	\$ 290	\$ 149,555	\$ 149,838	\$ 7
Accrued Expense	217	280	218	279
Due to assessment district bondholders	233,954	248,793	244,651	238,096
<b>Total liabilities</b>	<b>\$ 234,461</b>	<b>\$ 398,628</b>	<b>\$ 394,707</b>	<b>\$ 238,382</b>
<b>Summerset</b>				
<b>Assets:</b>				
Cash and investments	\$ 168,433	\$ 6,614	\$ 6,191	\$ 168,856
Accounts receivable	69	-	-	69
Interest receivable	201	116	201	116
<b>Total assets</b>	<b>\$ 168,703</b>	<b>\$ 6,730</b>	<b>\$ 6,392</b>	<b>\$ 169,041</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 6	\$ -	\$ 6	\$ -
Accrued Expense	217	-	217	-
Due to assessment district bondholders	168,480	6,730	6,169	169,041
<b>Total liabilities</b>	<b>\$ 168,480</b>	<b>\$ 6,730</b>	<b>\$ 6,169</b>	<b>\$ 169,041</b>
<b>Summerset L &amp; L District</b>				
<b>Assets:</b>				
Cash and investments	\$ 397,812	\$ 217,737	\$ 417,779	\$ 197,770
Accounts receivable	71	-	1	70
Interest receivable	453	135	453	135
<b>Total assets</b>	<b>\$ 398,336</b>	<b>\$ 217,872</b>	<b>\$ 418,233</b>	<b>\$ 197,975</b>
<b>Liabilities:</b>				
Accounts payable	\$ 50,164	\$ 175,551	\$ 202,400	\$ 23,315
Accrued Expense	217	287	217	287
Due to assessment district bondholders	347,955	42,034	215,616	174,373
<b>Total liabilities</b>	<b>\$ 398,336</b>	<b>\$ 217,872</b>	<b>\$ 418,233</b>	<b>\$ 197,975</b>

**City of Rio Vista**  
**Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities, Continued**  
**For the year ended June 30, 2011**

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<b>Los Ulpinos</b>				
<b>Assets:</b>				
Cash and investments	\$ 6,391	\$ 73	\$ 50	\$ 6,414
Interest receivable	-	4	-	4
<b>Total assets</b>	<b>\$ 6,391</b>	<b>\$ 77</b>	<b>\$ 50</b>	<b>\$ 6,418</b>
<b>Liabilities:</b>				
Due to assessment district bondholders	\$ 6,391	\$ 77	\$ 50	\$ 6,418
<b>Total liabilities</b>	<b>\$ 6,391</b>	<b>\$ 77</b>	<b>\$ 50</b>	<b>\$ 6,418</b>
<b>Community Facilities District 2004-1</b>				
<b>Assets:</b>				
Cash and investments	\$ 651,153	\$ 11,986,664	\$ 12,054,345	\$ 583,472
Restricted cash and investments	1,534,354	2,081,656	2,498,460	1,117,550
Accounts receivable	19	-	-	19
Interest receivable	1,230	399	1,230	399
Prepaid expense and other	110	-	110	-
<b>Total assets</b>	<b>\$ 2,186,866</b>	<b>\$ 14,068,719</b>	<b>\$ 14,554,145</b>	<b>\$ 1,701,440</b>
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ 7	\$ -	\$ 7
Accrued Expense	-	287	-	287
Due to assessment district bondholders	2,186,866	14,068,425	14,554,145	1,701,146
<b>Total liabilities</b>	<b>\$ 2,186,866</b>	<b>\$ 14,068,719</b>	<b>\$ 14,554,145</b>	<b>\$ 1,701,440</b>
<b>Community Facilities District 2006-1</b>				
<b>Assets:</b>				
Cash and investments	\$ 1,007,433	\$ 10,941,807	\$ 10,998,381	\$ 950,859
Restricted cash and investments	1,722,574	1,592,811	2,299,173	1,016,212
Accounts receivable	19	-	-	19
Interest receivable	1,896	651	1,896	651
Prepaid expense and other	110	-	110	-
<b>Total assets</b>	<b>\$ 2,732,032</b>	<b>\$ 12,535,269</b>	<b>\$ 13,299,560</b>	<b>\$ 1,967,741</b>
<b>Liabilities:</b>				
Accounts Payable	\$ -	\$ 7	\$ -	\$ 7
Accrued Expense	-	287	-	287
Due to assessment district bondholders	2,732,032	12,534,975	13,299,560	1,967,447
<b>Total liabilities</b>	<b>\$ 2,732,032</b>	<b>\$ 12,535,269</b>	<b>\$ 13,299,560</b>	<b>\$ 1,967,741</b>

# City of Rio Vista

## Agency Funds

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

For the year ended June 30, 2011

	Balance July 1, 2010	Additions	Deductions	Balance June 30, 2011
<hr/> <b>Total Agency Funds</b> <hr/>				
<b>Assets:</b>				
Cash and investments	\$ 2,465,140	\$ 23,551,360	\$ 23,870,979	\$ 2,145,521
Restricted cash and investments	3,256,928	3,674,467	4,797,633	2,133,762
Accounts receivable	247	-	1	246
Interest receivable	4,254	1,468	4,254	1,468
Prepaid expense and other	220	-	220	-
<b>Total assets</b>	<b>\$ 5,726,789</b>	<b>\$ 27,227,295</b>	<b>\$ 28,673,087</b>	<b>\$ 4,280,997</b>
<b>Liabilities:</b>				
Accounts payable	\$ 50,460	\$ 325,120	\$ 352,244	\$ 23,336
Accrued Expense	651	1,141	652	1,140
Due to assessment district bondholders	5,675,678	26,901,034	28,320,191	4,256,521
<b>Total liabilities</b>	<b>\$ 5,726,789</b>	<b>\$ 27,227,295</b>	<b>\$ 28,673,087</b>	<b>\$ 4,280,997</b>



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rio Vista, California (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated February 12, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered City's internal control over financial reporting as a basis for designing our auditing procedures 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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described as Findings 2011-01 to 2011-03 in the accompanying schedule of findings and responses to be material weaknesses.

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

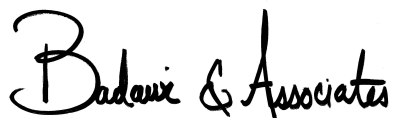
A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described as Findings 2011-04 through 2011-08 in the accompany schedule of findings and responses to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

This report is intended solely for the information and use of management, City Council, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Badawi and Associates  
Certified Public Accountants  
Oakland, California  
February 12, 2013

**City of Rio Vista  
Schedule of Findings and Responses  
For the Year Ended June 30, 2011**

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**A. FINDINGS - FINANCIAL STATEMENTS AUDIT**

**FS 2011-01 Restatement of Previously Issued Financial Statements (Material Weakness)**

**Criteria:**

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

**Condition:**

The City has restated prior year financial statements to correct several accounting errors related to grant revenues, charges for services and expenditures.

**Cause:**

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

**Effect:**

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

**Recommendation:**

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

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

As a result of management turnover and the small staff in the finance department, the City did not have sufficient resources to oversee this aspect of financial reporting. The current management is committed to ensuring that all routine and non-routine transactions are accounted for and activities are recorded in the proper fiscal period and formal Accounting Policies and Procedures were approved by City Council on *Resolution 2012-087* which address internal control procedures.



**City of Rio Vista  
Schedule of Findings and Responses  
For the Year Ended June 30, 2011**

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

**FS 2011-02 Implementation of New Accounting Standards (Material Weakness)**

**Criteria:**

Timely implementation of new accounting standards improves accurate financial reporting in accordance with accounting standards generally accepted in the United States of America.

**Condition:**

Before the start of the audit, the City had not implemented the Governmental Accounting Standards Board (GASB) Statement 54: Fund Balance Reporting and Governmental Fund Type Definitions, which were required to be implemented for the fiscal year beginning July 1, 2010.

**Cause:**

The City has no process in place to identify, prepare and implement accounting standards.

**Effect:**

The City's financial statements may not be fairly stated in accordance with accounting standards generally accepted in the United States of America.

**Recommendation:**

We recommend the City implement policies and procedures for staff to receive trainings on new accounting standards issued by the Government Accounting Standards Board (GASB) on an annual basis.

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

Due to management turnover, and the small staff in the finance department, the City was not able to implement accounting standards issued by the GASB. The current management is committed to keeping up-to-date on new accounting standards and implementing policies and procedures for staff to receive training on new GASB rules and regulations.

**City of Rio Vista  
Schedule of Findings and Responses  
For the Year Ended June 30, 2011**

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

**FS 2011-03 Year-End Closing Procedures (Material Weakness)**

**Criteria:**

An effective internal control system and timely financial reporting provides reasonable assurance for the safeguarding of assets, the reliability of financial information, and compliance with laws and regulations.

**Condition:**

During the performance of the audit, we noted that processes utilized for closing and reporting of financial activity for the fiscal year ended June 30, 2011 were not effective, which contributed to the City's delayed closing of the City's trial balances, and unpreparedness for the audit. The City posted numerous closing adjustments and corrections subsequent to the trial balance being provided for the audit.

**Cause:**

The City does not have adequate controls in place to ensure accounting records are closed timely and accurately.

**Effect:**

The City was unable to close its books and generate year end reports, reconciliations, and accurate supporting schedules in timely manner.

**Recommendation:**

We recommend the following:

- The City develop checklists or other guidance documents over the City's closing process to ensure all closing entries are captured in the City's general ledger in a timely manner, and supporting schedules agree or reconcile to respective account balances prior to the trial balance being provided for the audit.
- The City incorporate review procedures and checklists over the City's financial reporting process to ensure accurate and complete preparation of the City's financial statements.

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

As a result of management turnover and small staff in the finance department, the City did not have sufficient resources to ensure that this aspect of financial reporting was being performed during fiscal year 2010-11. However, the current management is committed to developing checklists, processes, and procedures to close and report financial activity in a timely and accurate manner.

**City of Rio Vista  
Schedule of Findings and Responses  
For the Year Ended June 30, 2011**

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

**FS 2011-04 Deficiency in following Inter-fund Loan and Transfer Policy (Significant Deficiency)**

**Criteria:**

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

**Condition:**

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

**Cause:**

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

**Effect:**

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

**Recommendation:**

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

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

Staff was waiting for the completion of the FY 2009-10 audit to determine the proper amount of interfund loans/transfer, if any, to develop a repayment schedule. City commenced payments in FY 2010-11 based on amortization as mandated by inter-fund loan and transfer policy. When and if the City's finances are fiscally challenged the City may defer charges. There were no interfund loans initiated in FY 2009-10 nor FY 2010-11.

**City of Rio Vista  
Schedule of Findings and Responses  
For the Year Ended June 30, 2011**

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

**FS 2011-05 Preparation of Journal Entries (Significant Deficiency)**

**Criteria:**

Accounting duties of preparing journal entries and approving journal entries should be properly segregated.

**Condition:**

The Finance Manager prepared majority of journal entries and posted them to the general ledger without an independent review.

**Cause:**

The City does not have adequate internal controls in place to ensure all financial transactions are properly posted to the general ledger.

**Effect:**

General ledger may be materially misstated by improper journal entries posted to the financial system.

**Recommendation:**

We recommend that the City implement proper controls in the Finance Department to ensure all journal entries are properly posted to the general ledger.

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

The formal Accounting Policies and Procedures were approved by City Council on *Resolution 2012-087* which address internal control procedures. The small staff in the finance department does indeed impact the City's ability to strictly segregate duties and the prior Finance Manager was able to enter and post journal entries without an independent review during fiscal year 2010-11. However, monthly financial reports were prepared and reviewed by the City Manager during that time period. Furthermore, the current process now requires journal entries to be double-checked by another staff member.

**City of Rio Vista  
Schedule of Findings and Responses  
For the Year Ended June 30, 2011**

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

**FS 2011-06 Computer Controls (Significant Deficiency)**

**Criteria:**

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

**Condition:**

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

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

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

**Cause:**

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

**Effect:**

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

**Recommendation:**

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

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

The City does not have a written disaster recovery plan. However, the City is backing up its information on a daily basis to a secondary external drive located in the server room. This external drive can be placed in the City's fire proof safe for safe keeping. This would allow for backup of information every other day. The City is also looking for an outside source for backup. The Finance Manager is in the process of writing a Disaster Recovery Plan and plans to complete by the end of fiscal year 2013.

**City of Rio Vista  
Schedule of Findings and Responses  
For the Year Ended June 30, 2011**

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

**FS 2011-07 Expenditures exceeding appropriations and deficit fund balance (Significant Deficiency)**

**Criteria:**

Significant amounts of expenditures in excess of appropriated amounts were noted. Also, significant deficits in fund balance were also noted for several funds. The City did not amend its budget prior to incurring the expenditures or maintain adequate budgetary controls to prevent expenditures in excess of appropriations.

**Condition:**

The City had a significant number of governmental funds that had a deficit fund balance as noted below:

Governmental Funds:

- Community Development Block Grants Fund \$852,838
- Army Base Reuse \$125,181
- Capital Project \$ 78,941

The City had a significant number of enterprise funds that had a deficit unrestricted net assets as noted below:

Enterprise Funds:

- Beach Drive Treatment Facility Fund \$1,070,915
- Sewer Construction Fund \$ 129,006
- Airport Fund \$1,123,567

The City had a significant number of excess of expenditures over appropriations for various functions as noted below:

Non-Major Governmental Funds:

- Community Development Block Grant Fund \$11,859
- Storm Drain Capital Project Fund \$ 8,002
- Municipal Improvements Capital Project Fund \$ 6,809
- Capital Project Fund \$79,133

**Cause:**

The City did not adopt additional budget amendments to track additional expenditures made. The City did not maintain adequate budgetary controls to prevent expenditures in excess of appropriations or deficits in fund balance for noted items above.

**Effect:**

The City and other such users of the City's basic financial statements may not be able to effectively review and analyze the City's financial results when comparing against the City's budget, and the City may not be able to effectively monitor ongoing financial activities during the year.

**Recommendation:**

We recommend that the City adopt budget amendments more frequently for any significant planned expenditures that are made subsequent to the budgeting process, and maintain adequate budgetary controls to prevent expenditures in excess of appropriations or deficits in fund balance.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2011**

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

As a result of management turnover and small staff in the finance department, the City did not have sufficient resources to ensure that budget controls were in place and adjustments to the budget were made. The current management is committed to ensuring that budget vs. actual analysis is performed more frequently to maintain budgetary controls.

**FS 2011-08 Lack of Accounting Policies and Procedures (Significant Deficiency)**

**Criteria:**

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

**Condition:**

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

**Cause:**

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

**Effect:**

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

**Recommendation:**

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

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

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

**Status:**

Implemented. A formal Accounting Policies and Procedures for General Ledger, Journal Entry Preparation and Posting, Billing & Cash Receipts, Cash Disbursement, Payroll, and Capital assets was drafted prior to the departure of the former City Manager in April 2012. The City Council approved *Resolution 2012-087* in September 2012.

**City of Rio Vista  
Schedule of Findings and Responses  
For the Year Ended June 30, 2011**

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**B. PRIOR YEAR FINDINGS**

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

**Criteria:**

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

**Condition:**

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

**Cause:**

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

**Effect:**

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

**Recommendation:**

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

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

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

**Status:**

Prior period adjustments to the prior year's financial statements were noted in FY10/11. See FS 2011-01.



**City of Rio Vista  
Schedule of Findings and Responses  
For the Year Ended June 30, 2011**

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**B. PRIOR YEAR FINDINGS, Continued**

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

**Criteria:**

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

**Condition:**

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

**Cause:**

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

**Effect:**

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

**Recommendation:**

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

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

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

**Status:**

Implemented. A formal Accounting Policies and Procedures for General Ledger, Journal Entry Preparation and Posting, Billing & Cash Receipts, Cash Disbursement, Payroll, and Capital assets was drafted prior to the departure of the former City Manager in April 2012. The City Council approved *Resolution 2012-087* in September 2012. See FS 2011-08.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2011**

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**B. PRIOR YEAR FINDINGS, Continued**

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

**Criteria:**

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

**Condition:**

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

**Cause:**

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

**Effect:**

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

**Recommendation:**

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

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

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

**Status:**

Implemented. A formal fraud policy was adopted by the City.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2011**

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**B. PRIOR YEAR FINDINGS, Continued**

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

**Criteria:**

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

**Condition:**

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

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

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

**Cause:**

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

**Effect:**

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

**Recommendation:**

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

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

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

**Status:**

Not implemented. The finding was repeated as Finding 2011-06.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2011**

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**B. PRIOR YEAR FINDINGS, Continued**

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

**Criteria:**

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

**Condition:**

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

**Cause:**

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

**Effect:**

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

**Recommendation:**

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

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

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

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

**Status:**

Not implemented. See Current Year Finding 2011-04.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2011**

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**B. PRIOR YEAR FINDINGS, Continued**

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

**Criteria:**

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

**Condition:**

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

**Cause:**

The City's Finance Department is under-staffed.

**Effect:**

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

**Recommendation:**

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

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

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

**Status:**

Partially implemented. Upon the departure of the prior Finance Manager during 2010, the new Finance Manager's account was established with limited access to the accounting processes and he did not have ability to set-up new employees, process accounts payable checks, nor process cash receipts. But as noted in Current Year Finding 2011-05, the Finance Manager prepared majority of journal entries and posted them to the general ledger without an independent review.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2011**

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**B. PRIOR YEAR FINDINGS, Continued**

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

**Program:**

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

**Condition:**

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

**Criteria:**

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

**Cause:**

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

**Context and Effect:**

The Program was not in compliance with CFR 570.200 (b).

**Questioned Costs:**

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

**Recommendation:**

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

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

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

**Status:**

The questionable costs were written off in FY09/10.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2011**

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**B. PRIOR YEAR FINDINGS, Continued**

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

**Program:**

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

**Condition:**

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

**Criteria:**

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

**Cause:**

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

**Context and Effect:**

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

**Questioned Costs:**

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

**Recommendation:**

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

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

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

**Status:**

No single audit for FY10/11. In addition, there was no CDBG grant activity in FY10/11.

**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2011**

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**B. PRIOR YEAR FINDINGS, Continued**

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

**Program:**

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

**Condition:**

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

**Criteria:**

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

**Cause:**

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

**Context and Effect:**

The Program is not in full compliance with the procurement compliance requirement as required by 24 CFR 570.

**Questioned Costs:**

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

**Recommendation:**

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

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

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

**Status:**

No single audit for FY10/11. In addition, there was no CDBG grant activity in FY10/11.



**City of Rio Vista**  
**Schedule of Findings and Responses, Continued**  
**For the year ended June 30, 2011**

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**B. PRIOR YEAR FINDINGS, Continued**

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

**Program:**

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

**Condition:**

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

**Criteria:**

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

**Cause:**

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

**Context and Effect:**

The Program is not in full compliance with 24 CFR 85.20.

**Questioned Costs:**

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

**Recommendation:**

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

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

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

**Status:**

No single audit for FY10/11. In addition, there was no CDBG grant activity in FY10/11.