

# City of Vacaville, California



## **Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2015**



# CITY OF VACAVILLE, CALIFORNIA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2015



Prepared by: Department of Finance



**CITY OF VACAVILLE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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**CITY OF VACAVILLE**  
650 MERCHANT STREET, VACAVILLE, CALIFORNIA 95688-6908  
ESTABLISHED 1850

COUNCIL MEMBERS  
LEN AUGUSTINE, Mayor  
RON ROWLETT, Vice Mayor  
CURTIS HUNT  
MITCH MASHBURN  
DILENNA HARRIS  
[www.cityofvacaville.com](http://www.cityofvacaville.com)

January 28, 2016

To the Honorable Mayor, Members of the City Council and Citizens of the City of Vacaville:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Vacaville (the City) for the fiscal year ended June 30, 2015.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America. Because the cost of internal controls should not outweigh their benefits, internal controls have been designed to provide reasonable assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Badawi & Associates, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion on the City's financial statements for the fiscal year ended June 30, 2015. The independent auditor's report is presented as the first component of the financial section of this CAFR.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements, with emphasis on those involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

Management has provided an overall analysis of the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

**Profile of the City of Vacaville**

The City of Vacaville, incorporated in 1892, is located in northern Solano County, on the I-80 corridor, roughly midway between San Francisco and Sacramento. The City currently occupies a land area of roughly 28 square miles.

The City operates under the council-manager form of government. It is classified as a general law city because it is reliant upon California state law to define procedural regulations utilized by the City Council. The mayor and four council members are elected to staggered four year terms through a general election process. The City Council serves as the primary governing body. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for overseeing the day-to-day operations of the City, and for appointing directors of the various City departments. The City Council is elected on a non-partisan basis.

The City provides a full range of services which include general government, public safety (police, fire, disaster preparedness, emergency medical, ambulance transport and building inspection), construction and maintenance of streets, economic development, culture and recreation, parks, water, sewer, transportation, housing assistance and neighborhood revitalization. In addition to general City activities, the Council is financially accountable for the former Vacaville Redevelopment Agency, Vacaville Housing Authority and the Vacaville Public Financing Authority; therefore, these entities are included as an integral part of the City's financial statements. Additional information on these legally separate entities can be found in Note 1 in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, which is the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Department directors may make transfers of appropriations within a department. The City Manager has certain authority to transfer appropriations between departments and funds, as long as overall appropriations remain within the amounts adopted by the City Council. (The City's budgetary procedures are more fully discussed later under the Required Supplementary Information section of the CAFR.) Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. This comparison is also presented as part of the Required Supplementary Information beginning on page 127 of this CAFR.

**Local economy.** Originally founded as an agricultural and rail shipping area, Vacaville has developed substantial retail and commercial activity matched with solid, well-considered residential growth. Vacaville is strategically located in Solano County midway between Sacramento and San Francisco and is home to a little over 94,700 residents (including 6,100 prisoners housed in the California State Department of Corrections and Rehabilitation penal and medical facilities located in Vacaville). Vacaville's population is well educated, commutes an average of 26 minutes to work, and earns \$73,000 in median household income. The unemployment rate in Vacaville is one of the lowest in Solano County, and the city is home to the world's largest bio-manufacturing plant, Genentech (which is opening an additional plant in 2016), as well as several other life sciences and biotech companies. Vacaville is also home to many retail opportunities, from the Nut Tree, California's Legendary Road Stop, to the Vacaville Premium Outlets, which features stores such as Gucci, Coach, Michael Kors, True Religion and many others. In addition, in Fall of 2015, the City will be welcomed ICON Aircraft which will manufacture, sell and train customers to fly their aircraft at the Nut Tree Airport.

The long-range economic outlook for the City remains strong. The infrastructure is in excellent condition and has excess capacity for continued commercial and residential development. Approximately one million highly educated and trained employed persons live in and around the vicinity of Vacaville. The City has excellent freeway access and is home to the Nut Tree Airport, which is the only general aviation airport on the I-80 corridor between the Bay Area and Sacramento. The housing market in Vacaville is diverse, with a nice mix of single family homes, apartments, and other forms of housing. Vacaville has an area of the city designated for seniors 55 and continues to expand development. The housing stock has always been affordable, which is part of what makes this city so attractive to people raising a family.

**Priorities for the future.** A citywide strategic plan has been developed through a series of public meetings, workshops and retreats with the City Council and City management. The plan, as updated, sets forth four major goals as follows:

- **Public Safety**
- **Strengthen the Local Economy**
- **Promote Community Viability**
- **Maintain Effective and Efficient City Services**

**Long-term financial planning.** To ensure the City can continue to provide in the future the same high quality infrastructure enjoyed by existing residents, the City annually updates its Capital Improvement Program (CIP) based upon the future capital and infrastructure needs as contained in the City's long-range development impact fee (DIF) analysis, along with other capital and technology planning documents. The CIP and technology projects for fiscal year 2014/2015 totaled \$24 million. Funding comes from multiple sources, including existing funds; Successor Agency bond funds; utility operating and loan funds; and regional, state and federal grant funds. Water, wastewater and transportation infrastructure and funding plans are projected out over five to ten year horizons.

**Relevant financial policies.** In 2011, the City Council established a policy of maintaining an operating reserve in the General Fund equal to at least 20% of ongoing operating expenditures. This policy has not been met in past years due to the severe recession; however, fiscal year 2014/2015 saw continued revenue growth due to approved sales tax measure which added \$4.7 million to its fund reserves. This addition in reserves has brought the City closer to the General Fund reserve requirement which ended fiscal year 2014/15 at approximately 25.7%.

As noted above, it is the policy of the City to fund ongoing municipal services with ongoing revenues, without relying on the use of reserves or other one-time sources of funding. City voters approved a five year ¼-cent sales tax measure to help address the economic downturn and maintain service levels in November 2012, and the receipt of funds began in April 2013. This additional stabilizing revenue source will assist the City in maintaining current service levels and its reserve requirements in the coming years. It should be noted that absent the additional revenue from the new sales tax, the City would still be in an operating deficit and City Council will work to bring that balance back in place as the economy continues to recover.

In 2009, a trust fund was established with CalPERS to begin the process of pre-funding the City's Other Post-Employment Benefit ("OPEB") obligation with respect to retiree medical benefits. The OPEB trust is being funded via annual contributions from the City, its employees and retirees.

**Major initiatives.** Over the past seven years, the City has taken significant and unprecedented steps to reduce General Fund spending, including: across the board departmental budget reductions; workforce reductions from layoffs and attrition; and working with employee groups to achieve significant savings from salary and benefit concessions. As the economy has continued to improve in fiscal year 2014/15, the City has eliminated employee concessions and added a few positions to enhance service levels. As the City's financial position continues to improve the City will assess its service needs and its fiscal sustainability.

On November 6, 2012, the Citizens of Vacaville approved Measure M, which will provide a ¼-cent sales tax increase for five years to assist in stabilizing the General Fund and continue essential services. The sales tax revenue began to be collected on April 1, 2013. The City will continue to closely monitor this new sales tax in 2015/2016 to ensure timely collection and gauge its impact on the City's overall financial health. Current forecasts show the City would have an operating deficit if not for the sales tax generated by Measure M.

In Fiscal Year 2011/12, the State of California began its elimination of all Redevelopment Agencies in the State. The City has chosen to become the Successor Agency for the former Vacaville Redevelopment Agency and has begun the numerous steps necessary to complete the dissolution of the Agency. The final audit related to winding down the former redevelopment agency occurred in Fiscal Year 2013/14 by the State Controller's Office. This audit resulted in the State "clawing back" a loan repayment the Redevelopment Agency made to the City in February of 2011. The result was the City losing \$3.8million from its fund reserve, however it is not recorded as a receivable and will be repaid to the City as allowable by the California Department of Finance. In 2015-2016, the City will continue to address the disposition of assets of the former Redevelopment Agency.

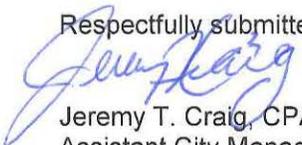
### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. This was the twenty-fourth (24th) consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the city published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In 2014, the City was awarded its first GFOA award for a newly created Popular Annual Financial Report (PAFR). We will continue to produce the PAFR in 2015 and we believe it will again be eligible for the GFOA PAFR award.

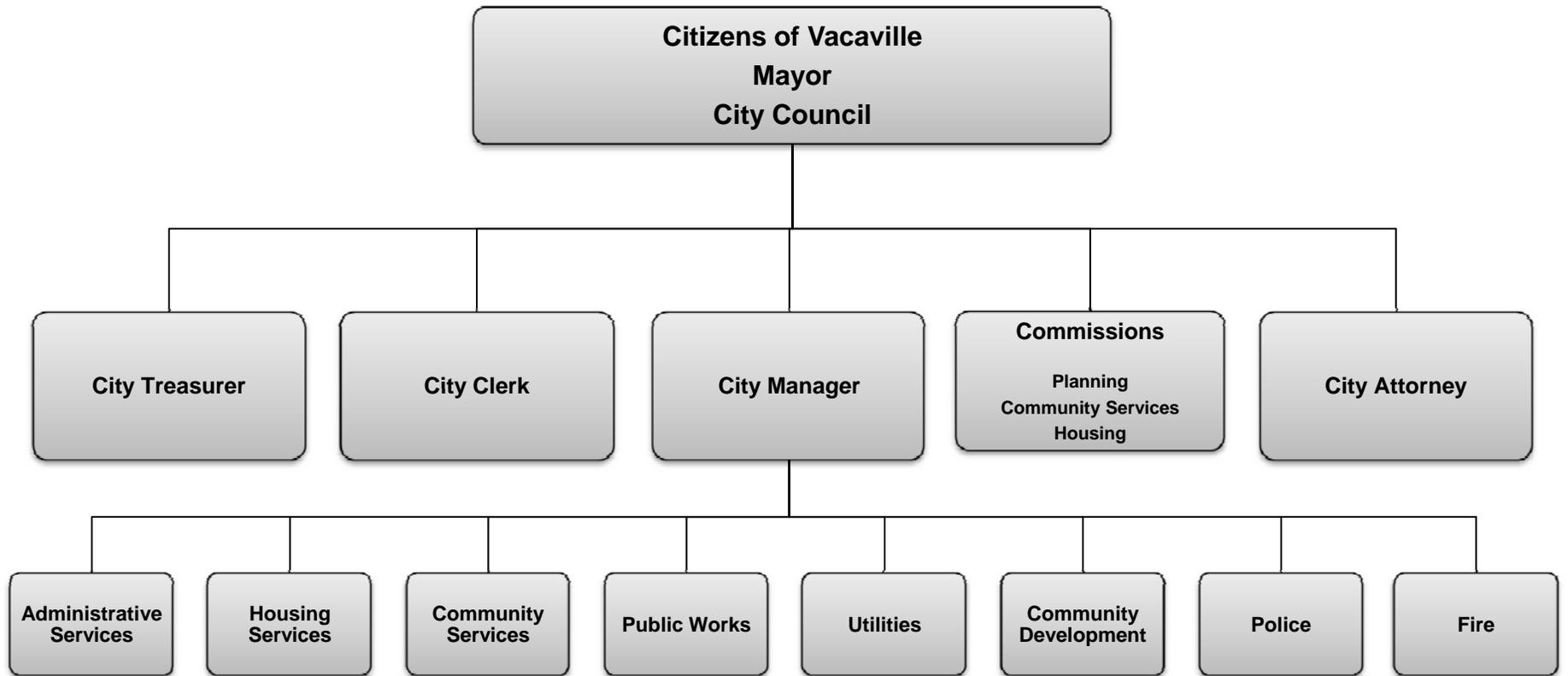
The preparation of this report would not have been possible without the highly professional and dedicated services of the entire staff of the Accounting Division, particularly the leadership of Davina Hatfield, Ken Matsumiya, Leslie Hoover and Doris Ayala. Credit must also be given to the Mayor, City Council, and City Manager for their unfailing support in maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Jeremy T. Craig, CPA  
Assistant City Manager  
City of Vacaville

# City of Vacaville Organizational Chart



**City of Vacaville  
List of Elected and Appointed Officials  
June 30, 2015**

Elected Officials

Mayor	Len Augustine
Vice Mayor	Curtis Hunt
Council Member	Ron Rowlett
Council Member	Mitch Mashburn
Council Member	Dilenna Harris
City Treasurer	Jay Yerkes
City Clerk	Michelle Thornbrugh

Appointed Officials

City Manager	Laura Kuhn
City Attorney	Gerald Hobrecht
Assistant City Manager	Jeremy Craig
Fire Chief	Frank Drayton
Chief of Police	John Carli
Director of Public Works	Steven Hartwig
Director of Community Development	Barton Brierley
Director of Housing	Emily Cantu
Director of Community Services	Kerry Walker
Director of Administrative Services	Dawn Leonardini
Director of Utilities	Royce Cunningham



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Vacaville  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

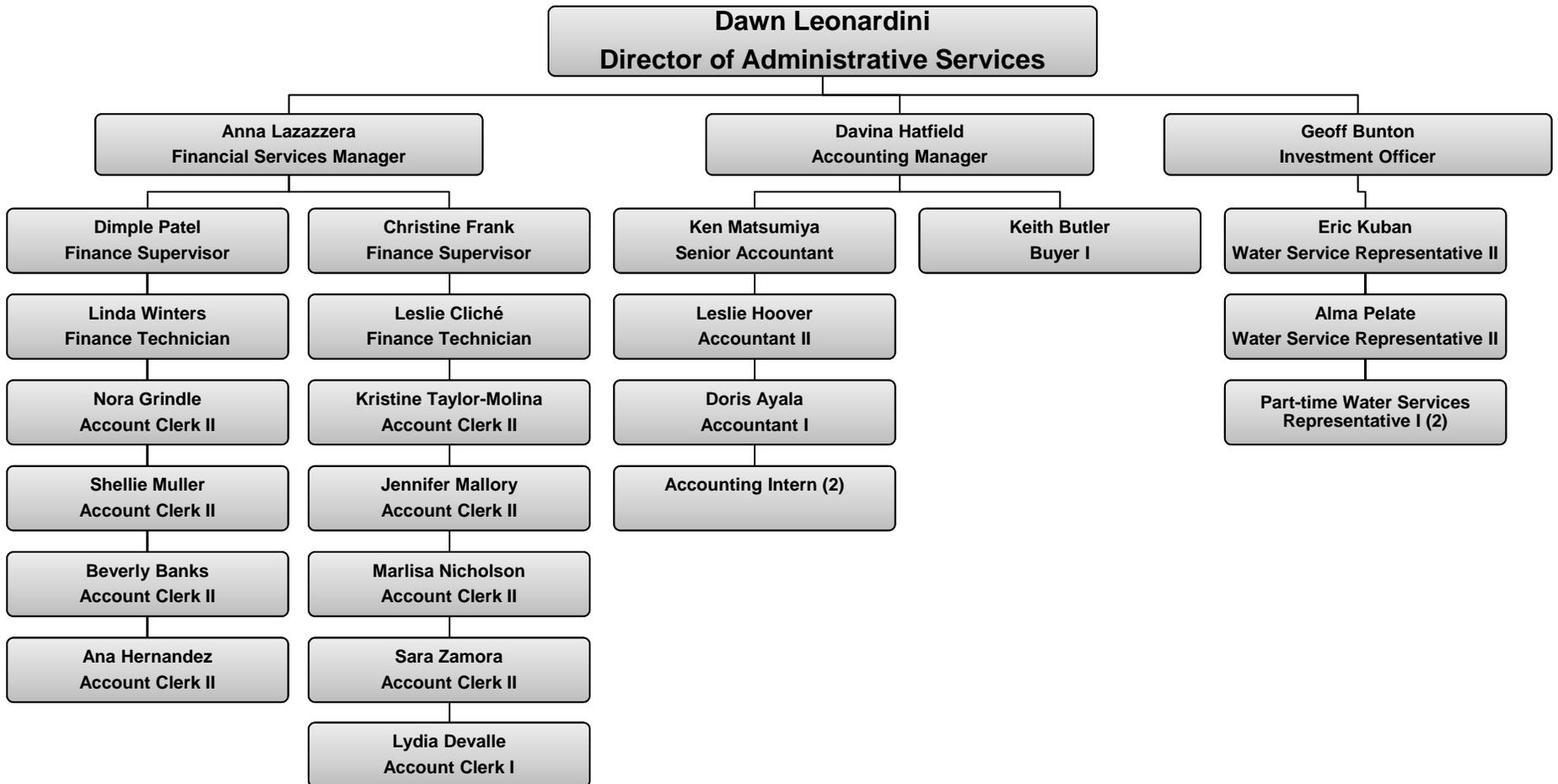
Executive Director/CEO

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Vacaville for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial report must satisfy both general accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Vacaville has received a Certificate of Achievement for the last twenty-four consecutive fiscal years ended June 30, 2014. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

# Administrative Services Department Finance Division





## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council  
of the City of Vacaville  
Vacaville, California

### **Report on the Financial Statements**

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

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's equity in the North Bay Regional Water Treatment Plant, which represent 15.4 percent, 20.3 percent, and 0.6 percent, respectively, of the assets, net position, and revenues of the Water Utility Fund, and 4.0 percent, 6.9 percent, and 0.2 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the City's equity in the North Bay Regional Water Treatment Plant, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, 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, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of a Matter**

Management adopted the provisions of Governmental Accounting Standards Board Statement 68 – *Accounting and Financial Reporting for Pensions*, which became effective June 30, 2015. See Note 18 to the financial statements for disclosure related to the restatement of beginning Net Position. The emphasis of this matter does not constitute a modification to our opinion.

To the Honorable Mayor and Members of the City Council  
of the City of Vacaville  
Vacaville, California  
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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information, and schedule of funding progress for OPEB on pages 5-20 and 126-135 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information on pages 142 to 146 and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and budgetary comparison information on pages 142 to 146 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements, budgetary comparison information on pages 142 to 146 are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members of the City Council  
of the City of Vacaville  
Vacaville, California  
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The introductory and statistical sections have 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 them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2016, 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* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs  
Oakland, California  
January 28, 2016

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2015**  
(Amounts expressed in thousands)

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As management of the City of Vacaville (the City), we offer this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages i-iv of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### **Financial Highlights**

- Assets exceeded liabilities at June 30, 2015 by \$620,486 (*net position*). Of this amount, (\$44,710) (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors. The remaining net position is *restricted* for specified purposes.
- Total net position decreased by \$162,206 from the previous year. There was a decrease in net position in governmental activities of \$140,703 related to the implementation of GASB statement number 68, which requires accounting and financial reporting for pensions. See the notes to the financial statements for more information on the impact of GASB No. 68. There was a decrease in net position in business type activities of \$21,503 mainly from implementation of GASB No. 68, and decreased total water consumption.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$92,364, an increase of \$58,411 in comparison with the prior year. This increase in fund balance was mainly due to the increase in the General Fund, Successor Housing Fund, and City Projects Fund. The additional sales tax revenue from Measure M along with an overall increase in revenues attribute to the increase in the General Fund. In the Successor Housing Fund, long-term receivables were off-set by deferred inflow of resources in the prior year, however; in the current year, the off-set was reclassified to fund balance, therefore the increase in fund balance. City Projects Fund saw an increase in fund balance as a result of financing the construction of a new fire station and increased impact fees from development in the current year. In accordance with the implementation of Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, fund balances are composed of three primary categories to increase the understanding of the availability of resources. The classifications establish a hierarchy based on the extent to which the City must observe constraints imposed upon the use of the resources that are reported. Applying governmental fund balances to the three primary categories the city has 3% categorized as Non-spendable, 63% as Restricted and 34% as Unrestricted (Committed, Assigned and Unassigned) fund balance.
- Total obligations for governmental activities increased by \$142,098 and total obligations for business-type activities increased by \$34,880.
- Total deferred inflows of resources increased by \$22,571 during the current fiscal year due to the implementation of GASB Statement No. 68.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the basic financial statements, comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains certain supplementary information.

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

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2015**  
(Amounts expressed in thousands)

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The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the excess of assets and deferred outflows over liabilities and deferred inflows reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community development and community services. The business-type activities of the City include sewer, water and transit enterprise operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Vacaville Housing Authority and Vacaville Public Financing Authority, for which the City is financially accountable. Although legally separate, these *component units* function for all practical purposes as departments of the City and therefore have been blended as part of the primary government.

Both the Governmental Activities and the Business Type Activities are presented on the accrual basis of accounting, a basis of accounting that differs from the modified basis of accounting used in presenting governmental fund financial statements. Note 1 of the Notes to the Basic Financial Statements fully describe these bases of accounting. Proprietary funds, discussed below, also follow the accrual basis of accounting.

The government-wide financial statements can be found on pages 22-24 of this report.

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

**Governmental funds.** *Governmental funds* are used to account for the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year.

It is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Reconciliations to facilitate this comparison are provided for both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. The major reconciling items relate to capital assets and debt. In the Governmental Funds, acquisitions of capital assets are treated as "expenditures" because upon purchase of a capital asset, cash used for the acquisition is no longer available for other purposes. The issuance of debt provides cash, which is now available for specified purposes. Accordingly, at the end of the fiscal year, the unrestricted fund balances of the Governmental Funds reflect spendable resources available for appropriation by the City Council. Spendable balances are not presented on the face of the government-wide financial statements.

The City maintains thirteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Community Development, Successor Housing, Housing Assistance,

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and City Projects funds, all of which are considered to be major funds. Data for the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and can be found on pages 140-141 of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided in supplemental information for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 25-28 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds, enterprise and internal service funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Sewer, Water and Transit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its central services, vehicle replacement, technology replacement, self-insured insurance programs and employee benefits management. The central services, technology replacement, insurance and employee benefits activities benefit predominantly governmental rather than business-type functions, so they have been included within *governmental activities* in the government-wide financial statements. Vehicle replacement is included within *business-type activities* in the government-wide financial statements. Internal service funds are presented as proprietary funds because both enterprise and internal service funds follow the accrual basis of accounting.

Proprietary funds provide the same type of information as the government-wide financial statements (*business type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Water, and Transit operations, all of which are considered to be major funds of the City. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* and can be found on pages 148-151 of this report.

The basic proprietary fund financial statements can be found on pages 36-41 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund financial statements can be found on page 44-45 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47-124 of this report.

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**Government-wide Financial Analysis**

The following table presents a summarization of the City's assets, liabilities, deferred inflows of resources and net position for its governmental and business type activities. As noted earlier, a government's net position may serve over time as a useful indicator of its financial position.

	GOVERNMENTAL ACTIVITIES		NET POSITION BUSINESS-TYPE ACTIVITIES		TOTAL	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 132,883	\$ 112,683	\$ 134,323	\$ 125,672	\$ 267,206	\$ 238,355
Capital assets	415,985	429,264	354,869	348,628	770,854	777,892
Total assets	548,868	541,947	489,192	474,300	1,038,060	1,016,247
Deferred outflows of resources	13,047	-	2,483	-	15,530	-
Total liabilities	208,002	65,904	202,228	167,348	410,230	233,252
Deferred inflows of resources	18,876	303	3,998	-	22,874	303
Total liabilities and deferred inflows of resources	226,878	66,207	206,226	167,348	433,104	233,555
Net position:						
Net investment in capital assets	400,267	418,360	205,054	204,329	605,321	622,689
Restricted	59,773	22,122	102	473	59,875	22,595
Unrestricted	(125,003)	35,258	80,293	102,150	(44,710)	137,408
Total Net Position	\$ 335,037	\$ 475,740	\$ 285,449	\$ 306,952	\$ 620,486	\$ 782,692

As noted earlier, the City's assets and deferred outflows exceeded liabilities and deferred inflows of resources by \$620,486 at June 30, 2015, a decrease of \$162,206 from June 30, 2014. By far the largest portion of net position (98%) reflects the City's investment in capital assets (i.e., land, buildings, equipment, vehicles and infrastructure), less any related debt used to acquire those assets still outstanding and net of any unspent bond proceeds and cash held in bond reserve accounts. The City uses these capital assets to provide municipal services to the community; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

Approximately 9% of net position represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position (7%) may be used to meet the City's ongoing obligations to its citizens and creditors.

Total net position decreased by \$162,206 during the current fiscal year, which reflects a \$140,703 decrease in governmental activities and a \$21,503 decrease in business-type activities mainly from implementation of GASB Statement No. 68 and decrease total water consumption related to water conservation measures.



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Following is a condensed summary of activities of the City's governmental and business type operations for the period ended June 30, 2015, with the prior fiscal year presented for comparative purposes. Also included are revenue and expense graphs to aid in understanding the results of the current year's activities.

**CITY OF VACAVILLE'S CHANGES IN NET POSITION**  
(Expressed in Thousands of Dollars)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2015	2014	2015	2014	2015	2014
<b>REVENUES:</b>						
Program Revenues:						
Charges for services	\$ 15,634	\$ 16,761	\$ 48,920	\$ 49,192	\$ 64,554	\$ 65,953
Operating grants & contributions	13,817	13,831	1,806	1,865	15,623	15,696
Capital grants & contributions	11,561	13,672	6,978	2,593	18,539	16,265
General Revenues:						
Taxes:						
Property taxes	35,283	32,855	101	92	35,384	32,947
Sales taxes	23,627	22,215	-	-	23,627	22,215
Franchise taxes	3,924	3,578	-	-	3,924	3,578
Transient lodging tax	1,398	1,194	-	-	1,398	1,194
Business license tax	339	325	-	-	339	325
Excise tax	2,407	2,431	-	-	2,407	2,431
Gasoline tax	2,703	3,050	-	-	2,703	3,050
Vehicle license taxes	-	-	-	-	-	-
Unrestricted capital contributions	4,050	898	1,451	2,540	5,501	3,438
Interest and other	3,813	1,815	2,248	331	6,061	2,146
Total revenues	<u>118,556</u>	<u>112,625</u>	<u>61,504</u>	<u>56,613</u>	<u>180,060</u>	<u>169,238</u>

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**CITY OF VACAVILLE'S CHANGES IN NET POSITION**  
(Expressed in Thousands of Dollars)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2015	2014	2015	2014	2015	2014
<b>EXPENSES:</b>						
Governmental activities:						
General government	10,997	10,446	-	-	10,997	10,446
Public safety	52,077	49,612	-	-	52,077	49,612
Public works	21,159	21,135	-	-	21,159	21,135
Community services	12,258	12,118	-	-	12,258	12,118
Housing	24,623	13,805	-	-	24,623	13,805
Interest on long-term debt	505	521	-	-	505	521
Business-type activities:						
Sewer	-	-	28,478	26,659	28,478	26,659
Water	-	-	17,747	20,063	17,747	20,063
Transit	-	-	3,548	3,471	3,548	3,471
Total expenses	<u>121,619</u>	<u>107,637</u>	<u>49,773</u>	<u>50,193</u>	<u>171,392</u>	<u>157,830</u>
Increase in net position before transfers	(3,063)	4,988	11,731	6,420	8,668	11,408
Transfers	<u>(176)</u>	<u>(75)</u>	<u>176</u>	<u>75</u>	<u>-</u>	<u>-</u>
Increase in net position	(3,239)	4,913	11,907	6,495	8,668	11,408
Prior period adjustment	(141,279)	-	(33,410)	-	(174,689)	-
Extraordinary item	3,815	(3,815)	-	-	3,815	(3,815)
Net position - July 1, 2014	<u>475,740</u>	<u>474,642</u>	<u>306,952</u>	<u>300,457</u>	<u>782,692</u>	<u>775,099</u>
Net position - June 30, 2015	<u>\$ 335,037</u>	<u>\$ 475,740</u>	<u>\$ 285,449</u>	<u>\$ 306,952</u>	<u>\$ 620,486</u>	<u>\$ 782,692</u>

**Governmental activities.** Governmental activities decreased the City's net position by \$140,703. Net position increased by \$1,098 during the previous fiscal year. Key elements of this year's activity in relation to the prior year are as follows:

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**For the year ended June 30, 2015**  
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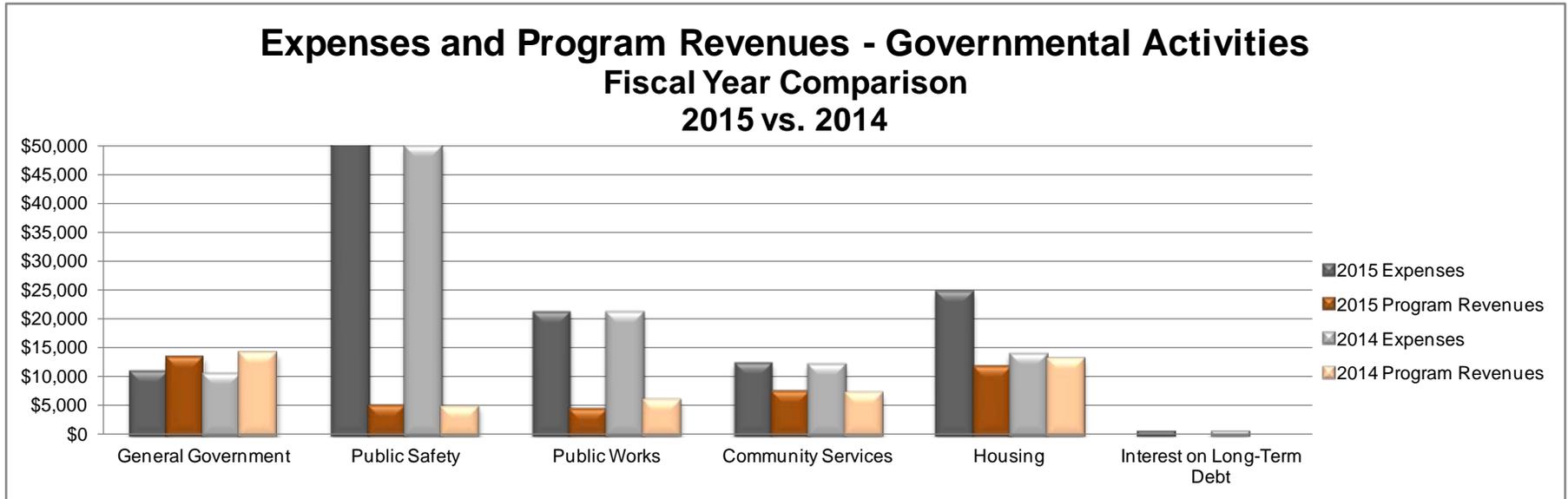
**Revenues:**

Overall, revenues in 2015 were \$5,931 (5.3%) higher as compared with 2014 primarily due to increased property taxes and the one-quarter cent sales tax increase of Measure M.

- Property taxes increased \$2,428 in 2015, principally due to increased assessed property values as the economy slowly recovers.
- Sales tax revenue was up 6.3% from the previous year. The City experienced an increase in sales tax revenue primarily related to the increase in general consumer goods, fuel and auto sales. The approval of Measure M attributed to the increased sales tax by increasing the sales tax rate one-quarter percent for the City.
- Interest earnings increased by \$208 due to increased investment yields.

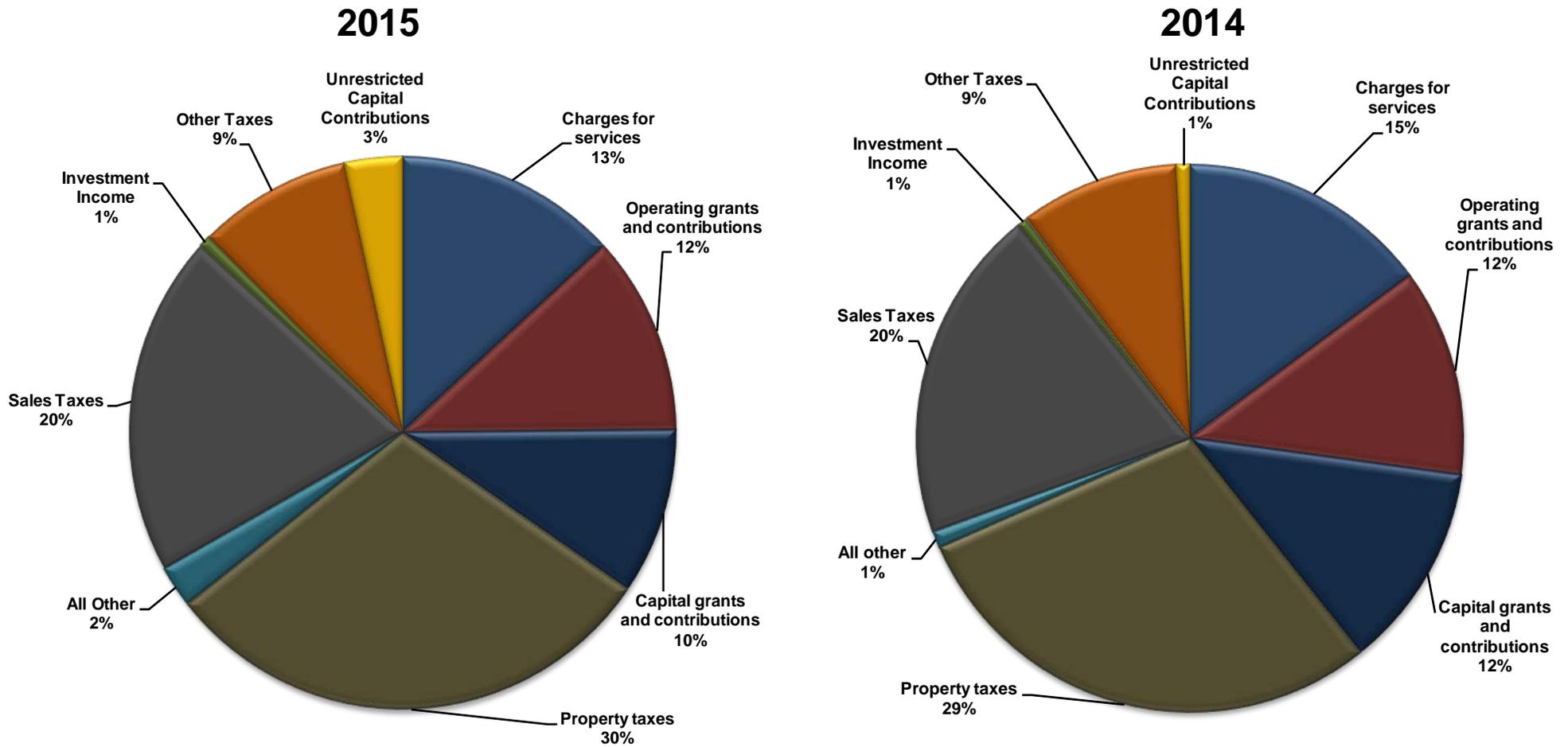
**Expenses:**

- While significant variances between years exist for the various expense functions, the total net increase was approximately \$13.9 million. The net increase in the current year reflects significant overtime spent in public safety as well as a loss on land transferred for the Callen project.



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 (Amounts expressed in thousands)

**Revenues by Source – Governmental Activities – Fiscal Year Comparison**

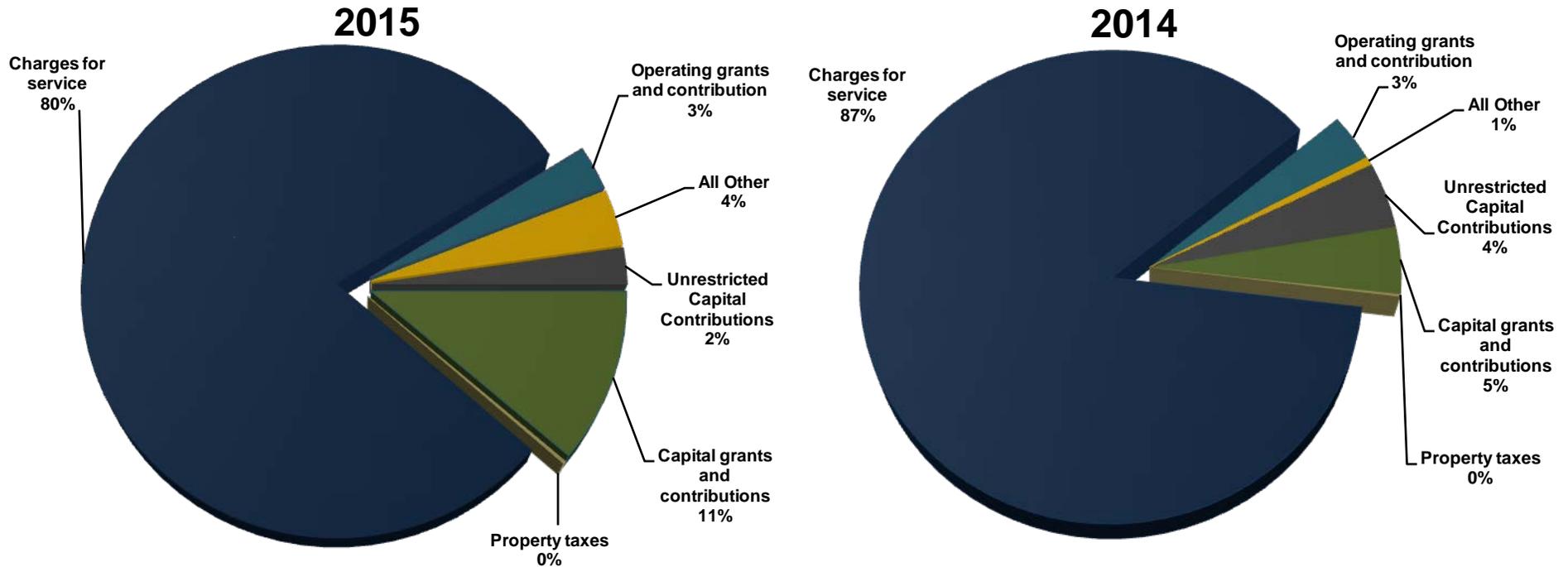


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**Business-type activities.** Business-type activities decreased the City's net position by \$21,503. By way of comparison, the net position of business type activities increased by \$6,495 in 2014. Key elements of 2015 decrease in net position in relation to the prior year are as follows:

- Decreased consumption has attributed to the decrease in Charges for Services revenue.

**Revenues by Source-Business Type Activities - Fiscal Year Comparison**

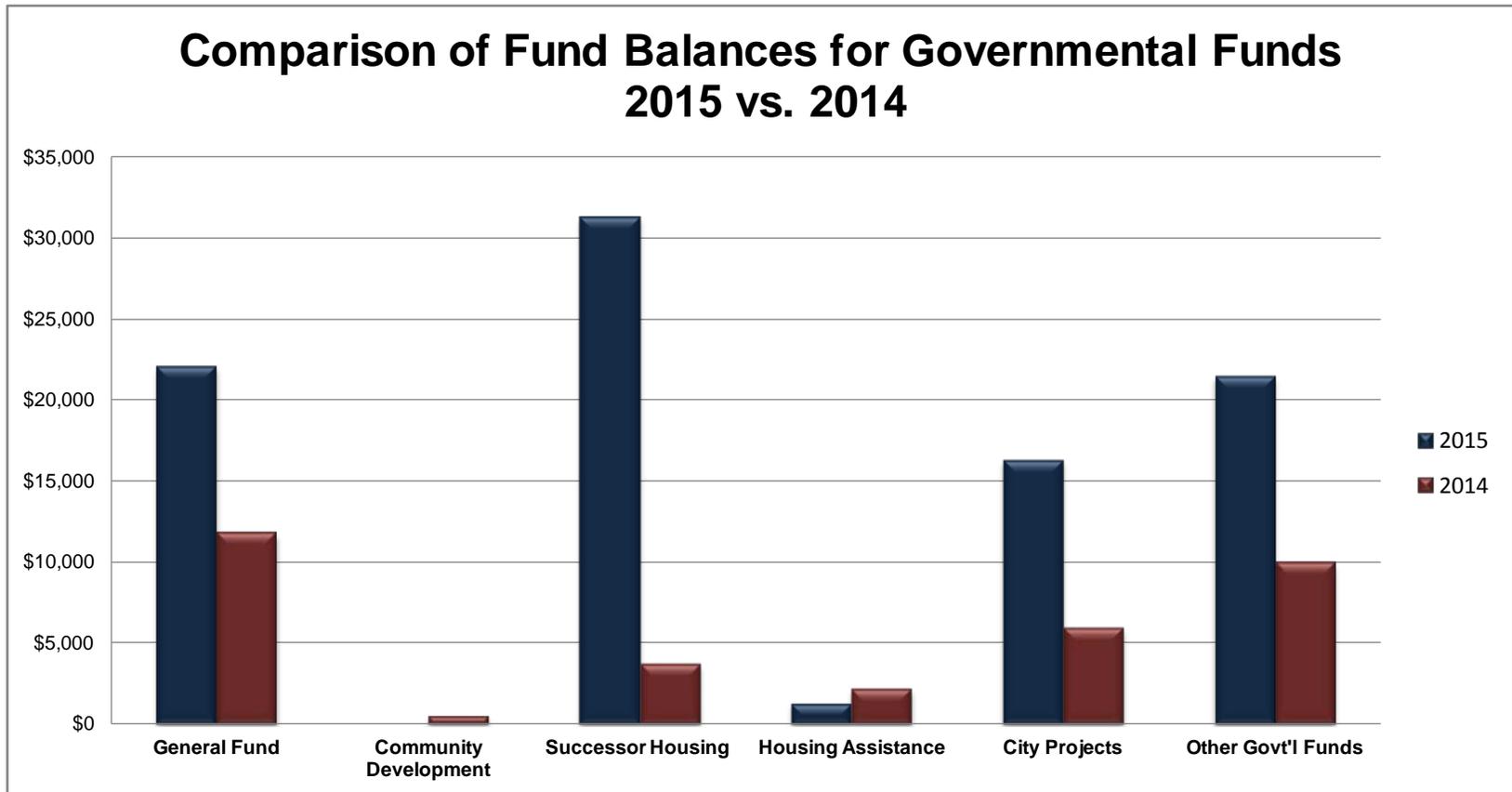


**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2015**  
 (Amounts expressed in thousands)

**Financial Analysis of the City's Funds**

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, the fund balance classification for *unrestricted fund balance* including; Committed-internally imposed restrictions set by formal action of the city council, Assigned-intended to be used for specific purposes that are neither restricted or committed, and Unassigned-positive fund balance within the general fund which has not been classified and negative fund balances from other governmental funds, may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

The following chart compares the 2015 and 2014 fund balances for the City's General, Community Development, Successor Housing, Housing Assistance, City Projects, and Other Governmental Funds. As noted earlier, the City of Vacaville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.



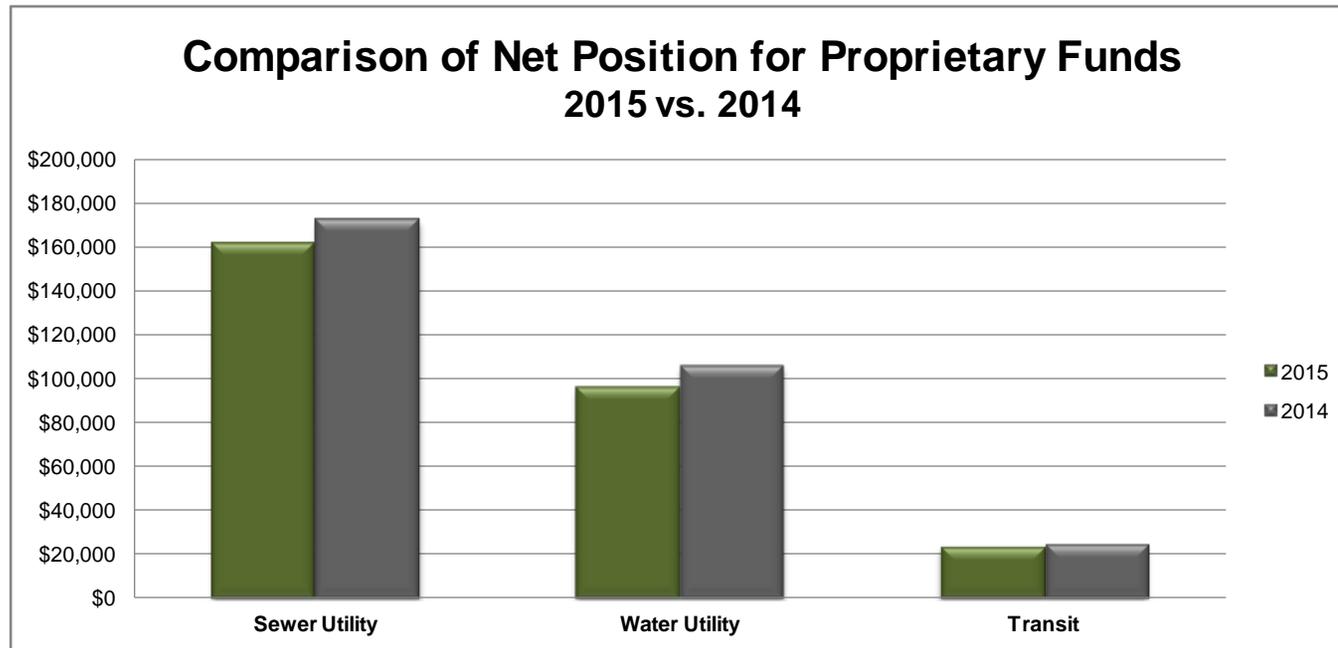
**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2015**  
(Amounts expressed in thousands)

As of June 30, 2015, the City's governmental funds reported combined ending fund balances of \$92,364 an increase of \$58,411 in comparison with the prior year. The majority of fund balance is either *Non-spendable* to indicate that it is not available for future spending because it is not in spendable form or is legally required to be maintained, or *Restricted* to indicate there are spending constraints externally imposed on the city for specific purposes.

The General Fund is the primary operating fund of the City. At June 30, 2015, fund balance, the Assigned and Unassigned fund balance, of the General Fund was \$18,776. This amount can be viewed as the City's emergency operating reserve and is often measured as a percent of ongoing operating expenditures. The fund balance of the City's General Fund increased by \$10,317 during the current fiscal year. The increase in fund balance was related to increased sales tax revenues from Measure M, increased property tax revenues, as well as recording the receivable for the repayment of the "clawback" from the Successor Agency in the prior year and an overall decrease in expenditures.

The City Projects fund has a total fund balance of \$16,292. The utilization of restricted cash contributed to the increase in fund balance from the prior year. Commencement of building Fire Station 75 as well as increased development impact fees contribute to the increase in the City Projects Fund.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following chart compares the 2015 and 2014 net position balances for the City's Sewer, Water and Transit Funds.



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**For the year ended June 30, 2015**  
(Amounts expressed in thousands)

Unrestricted net position at the end of the year amounted to \$48,961 for the sewer utility and \$29,708 for the water utility. Due to the subsidized nature of transportation, the transit operating funds have negative unrestricted net position at year end. The decrease in net position for sewer operations was \$10,530 and the decrease in water operations was \$9,919, respectively. The decrease in total net position for transit operations was \$1,144. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

**General Fund Budgetary Highlights**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance from Final Budget</u>
Total revenues	\$ 70,015	\$ 70,090	\$ 76,329	\$ 6,239
Expenditures:				
General government	7,478	8,355	7,056	1,299
Public safety	47,738	47,667	48,658	(991)
Public Works	5,198	5,258	4,924	334
Community services	8,035	8,197	7,782	415
Debt service	<u>351</u>	<u>351</u>	<u>351</u>	<u>-</u>
Total expenditures	68,800	69,828	68,771	1,057
Extraordinary item	-	-	3,052	3,052
Revenue over (under)				
expenditures	1,215	262	10,610	10,348
Other financing sources (uses)	<u>1,020</u>	<u>720</u>	<u>(293)</u>	<u>(1,013)</u>
Net change in fund balance	<u>\$ 2,235</u>	<u>\$ 982</u>	10,317	<u>\$ 9,335</u>
Beginning fund balance			<u>11,745</u>	
Ending fund balance			<u>\$ 22,062</u>	

Final budgeted expenditures were more than the original budgeted expenditures by \$1,028. The reason for this increase can be summarized as follows:

- Grant related budgets are recorded when grants are awarded and approved by council, therefore not included in the original budget.

Actual amounts differed from the Final budget as follows:

- Actual revenues were about 8.90% more than the budget. This was primarily due to higher than anticipated property tax revenues and continued strong sales tax growth.
- Actual expenditures were \$1,057 below budget for the year. This favorable variance was mainly due to department expenditure reductions in personnel, services and supplies.

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- The net effect of all of the above was a favorable variance from the amounts budgeted of \$9,335.

**Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounted to \$770,854 (net of accumulated depreciation). This investment includes land, buildings and improvements, park facilities, equipment, vehicles, roads and bridges. The total decrease in the City's net investment in capital assets for the current fiscal year was \$7,038 ((\$13,279) for governmental activities, including internal service funds and an increase of \$6,241 for business-type activities).

	<b>CAPITAL ASSETS</b>					
	(net of depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 188,558	\$ 200,146	\$ 10,607	\$ 10,607	\$ 199,165	\$ 210,753
Land improvements	13,235	-	-	-	13,235	-
Buildings and improvements	34,267	34,084	244,733	182,823	279,000	216,907
Equipment	2,246	2,070	5,837	6,570	8,083	8,640
Vehicles	4,099	2,846	1,651	1,326	5,750	4,172
Infrastructure	165,424	182,442	71,529	71,554	236,953	253,996
Software	297	333	-	-	297	333
Construction in progress	7,859	7,343	20,512	75,748	28,371	83,091
<b>Total</b>	<b>\$ 415,985</b>	<b>\$ 429,264</b>	<b>\$ 354,869</b>	<b>\$ 348,628</b>	<b>\$ 770,854</b>	<b>\$ 777,892</b>

Major capital asset events during the current fiscal year included completion of the Energy Efficiency related improvements including interior and exterior lighting retrofits throughout the City as well as the filtration phase of the Tertiary project recorded in Business-Type Activities. Construction-in-progress for business-type activities most significantly reflects amounts spent on the four phases of the Tertiary Project, Planning, Denitrification Improvements, and Laboratory Expansion.

Additional information on the City's capital assets can be found in Note 5 on pages 71-75.

**CITY OF VACAVILLE**  
**Management's Discussion and Analysis**  
**For the year ended June 30, 2015**  
(Amounts expressed in thousands)

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$165,631. Of this amount, \$165,631 comprises debt backed by the full faith and credit of the government.

**OUTSTANDING DEBT**  
(expressed in thousands of dollars)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Capital lease obligations	\$ 14,976	\$ 10,093	\$ 7,282	\$ 7,226	\$ 22,258	\$ 17,319
Certificates of participation	-	-	-	-	-	-
Loans payable	<u>742</u>	<u>810</u>	<u>142,631</u>	<u>137,072</u>	<u>143,373</u>	<u>137,882</u>
Total	<u>\$ 15,718</u>	<u>\$ 10,903</u>	<u>\$ 149,913</u>	<u>\$ 144,298</u>	<u>\$ 165,631</u>	<u>\$ 155,201</u>

The City's total debt increased by \$10,430 during the current fiscal year, due primarily to the financing for Fire Station No.75 (see more detail in Note 6 to the financial statements). Increases in Business-type activity are due to construction loans incurred in the construction of the Tertiary Sewer Treatment Plant.

Additional information on the City's long-term debt can be found in Note 6 on pages 76-92 of this report.

**Economic Factors and Next Year's Budget**

The end of fiscal 2014-15 saw the return of steady economic growth to the City. In the coming year, the City will be reviewing spending priorities as revenues return to more historical norms. The City has taken several reductions during the severe economic downturn such as; reduction in personnel, employee concessions, deferment of capital and equipment repair and replacement and funding unfunded liabilities in pension, retiree healthcare and compensated absences. In the coming year the focus will be prioritizing which of these areas begins receiving new resources as they become available.

The two largest sources of revenue for the General Fund are property tax and sales tax, accounting for over half of operating revenues. Property tax revenue is projected to increase 1.7% in FY 2015-2016, while sales tax (including Measure M) is projected to grow by about 13.7% due to onetime additional sale taxes related to the closing of the Triple Flip state sales tax takeaway. While the budget assumes a small operating deficit in fiscal year 2015-2016, serious threats remain:

- Further reduction in Medicare/Medical reimbursement rates would result in lower Emergency Medical Services revenue.
- Rising costs of PERS rates
- Measure M is closing operating deficit, but sunsets in 2018.

**Utilities:**

Utility revenues reflect the completion of rate increases over the past five years to finance a new tertiary treatment plant as mandated by the State. Water conservation measure mandated by the State are having a large negative impact on utility revenues and the City will need to enact further rate increases in fiscal 2015-16 to avoid large and debilitating deficits as water use is cut 32% over prior years.

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Housing and Redevelopment:

The State of California took legislative action to dissolve all Redevelopment Agencies in the State effective February 1, 2012. In addition to the loss of funding for critical economic development, public safety and infrastructure programs, twenty percent of all Redevelopment revenues were dedicated to Housing programs. While City staff has been overwhelmed with the work required to comply with the dissolution actions, there are currently no programs in place to provide funding for economic or housing programs outside of grant programs. The lack of these vital programs could negatively impact the City in future years if the State Legislature does not create alternative programs to address these community needs.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Vacaville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, City of Vacaville, 650 Merchant Street, Vacaville, CA 95688 or you may visit our website at [www.cityofvacaville.com](http://www.cityofvacaville.com) for contact information.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**CITY OF VACAVILLE  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
Cash and investments	\$ 60,516,353	\$ 104,011,558	\$ 164,527,911
Receivables, net of allowance for uncollectibles:			
Interest	310,494	136,693	447,187
Taxes	5,290,425	-	5,290,425
Accounts	6,174,293	7,732,090	13,906,383
Loans	42,037,492	-	42,037,492
Inventories	138,819	-	138,819
Prepaid Items	1,109,383	-	1,109,383
Internal balances	(1,916,165)	1,916,165	-
Restricted cash and investments	11,861,104	604,885	12,465,989
Deposits	427,138	-	427,138
Investment in joint venture	-	19,921,386	19,921,386
Due from RDA Successor Agency	6,933,452	-	6,933,452
Capital assets:			
Capital assets, non-depreciable	196,416,613	31,119,489	227,536,102
Capital assets, net of accumulated depreciation	219,568,761	323,749,978	543,318,739
Total capital assets	415,985,374	354,869,467	770,854,841
Total assets	548,868,162	489,192,244	1,038,060,406
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred employer pension contributions	13,046,571	2,482,995	15,529,566
Total deferred outflows	13,046,571	2,482,995	15,529,566

**CITY OF VACAVILLE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
<b>LIABILITIES</b>			
Accounts payable and contract payable	2,309,149	2,454,383	4,763,532
Accrued payroll	2,800,670	491,323	3,291,993
Interest payable	121,912	2,792,828	2,914,740
Employee benefits payable	661,721	-	661,721
Deposits payable	9,901,434	9,960,584	19,862,018
Due to other governments	2,960	92,837	95,797
Unearned revenue	2,371,572	129,714	2,501,286
Long-term payable to trust fund	9,010,760	-	9,010,760
Remediation liability - due in more than a year	-	1,355,000	1,355,000
Net OPEB obligation - due in more than a year	13,817,957	3,258,591	17,076,548
Net Pension liability - due in more than a year	134,493,070	30,586,519	165,079,589
Compensated absences			
Due within one year	809,040	163,447	972,487
Due in more than one year	9,337,710	1,029,727	10,367,437
Claims payable			
Due within one year	1,849,000	-	1,849,000
Due in more than one year	4,796,000	-	4,796,000
Long-term liabilities			
Due within one year	1,954,879	8,143,349	10,098,228
Due in more than one year	13,763,919	141,769,829	155,533,748
Total liabilities	208,001,753	202,228,131	410,229,884
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Grants received in advance	219,004	-	219,004
Pension actuarial	18,657,232	3,997,779	22,655,011
Total deferred inflows	18,876,236	3,997,779	22,874,015
<b>NET POSITION</b>			
Net investment in capital assets	400,266,576	205,053,789	605,320,365
Restricted for:			
Capital projects	5,174,056	102,238	5,276,294
Highway and streets	9,343,529	-	9,343,529
Housing	32,563,763	-	32,563,763
Special programs	12,692,380	-	12,692,380
Total restricted	59,773,728	102,238	59,875,966
Unrestricted	(125,003,560)	80,293,302	(44,710,258)
Total net position	\$ 335,036,744	\$ 285,449,329	\$ 620,486,073

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2015**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES					NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTALS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS
Governmental activities:								
General government	\$ 10,996,973	\$ 4,382,215	\$ 407,631	\$ 8,354,162	\$ 13,144,008	\$ 2,147,035	\$ -	\$ 2,147,035
Public safety	52,076,867	3,714,959	1,064,435	-	4,779,394	(47,297,473)	-	(47,297,473)
Public works	21,159,127	777,989	363,387	3,206,813	4,348,189	(16,810,938)	-	(16,810,938)
Community services	12,258,482	6,332,746	993,712	-	7,326,458	(4,932,024)	-	(4,932,024)
Housing	24,623,198	426,292	10,988,270	-	11,414,562	(13,208,636)	-	(13,208,636)
Interest on long-term debt	505,115	-	-	-	-	(505,115)	-	(505,115)
Total governmental activities	<u>121,619,762</u>	<u>15,634,201</u>	<u>13,817,435</u>	<u>11,560,975</u>	<u>41,012,611</u>	<u>(80,607,151)</u>	<u>-</u>	<u>(80,607,151)</u>
Business-type activities:								
Sewer	28,480,182	33,071,116	-	4,220,137	37,291,253	-	8,811,071	8,811,071
Water	17,747,155	15,361,007	-	2,758,158	18,119,165	-	372,010	372,010
Transit	3,547,814	487,579	1,806,594	-	2,294,173	-	(1,253,641)	(1,253,641)
Total business-type activities	<u>49,775,151</u>	<u>48,919,702</u>	<u>1,806,594</u>	<u>6,978,295</u>	<u>57,704,591</u>	<u>-</u>	<u>7,929,440</u>	<u>7,929,440</u>
Total primary government	<u>\$ 171,394,913</u>	<u>\$ 64,553,903</u>	<u>\$ 15,624,029</u>	<u>\$ 18,539,270</u>	<u>\$ 98,717,202</u>	<u>(80,607,151)</u>	<u>7,929,440</u>	<u>(72,677,711)</u>
<b>General revenues:</b>								
Taxes:								
Property taxes						35,282,961	101,074	35,384,035
Sales taxes						23,626,634	-	23,626,634
Franchise taxes						3,924,501	-	3,924,501
Transient lodging tax						1,397,901	-	1,397,901
Business license tax						339,108	-	339,108
Excise tax						2,406,924	-	2,406,924
Gasoline tax						2,702,957	-	2,702,957
Subtotal taxes						<u>69,680,986</u>	<u>101,074</u>	<u>69,782,060</u>
Investment income						875,222	539,793	1,415,015
Unrestricted capital contributions						4,050,078	1,451,481	5,501,559
Miscellaneous						2,938,470	1,708,432	4,646,902
Extraordinary Item - AB 1x26						3,814,709	-	3,814,709
Transfers						(176,940)	176,940	-
Total general revenues and transfers						<u>81,182,525</u>	<u>3,977,720</u>	<u>85,160,245</u>
Change in net position						575,374	11,907,160	12,482,534
Net position, beginning of year						475,740,110	306,951,784	782,691,894
Prior period adjustment (Note 18)						(141,278,740)	(33,409,615)	(174,688,355)
Net position, beginning of year as restated						334,461,370	273,542,169	608,003,539
Net position, end of year						<u>\$ 335,036,744</u>	<u>\$ 285,449,329</u>	<u>\$ 620,486,073</u>

See accompanying Notes to Basic Financial Statements.

## **GOVERNMENTAL FUND FINANCIAL STATEMENTS**

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### **GENERAL FUND**

The General Fund is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund. It derives a majority of its revenues from property, sales, business and excise tax.

### **SUCCESSOR HOUSING**

Formerly accounted for the 20% set aside funds received from tax increments in the City's two Redevelopment areas; to be used for low and moderate housing purposes. Upon dissolution of the Redevelopment Agency, the City will continue to use these funds for low and moderate housing purposes.

### **HOUSING ASSISTANCE**

To account for those funds received from the Federal Government to provide rental assistance payments to low-income, elderly, disabled, and handicapped people qualifying for the programs, as well as for the rehabilitation for rental property. Funds are received from the U.S. Department of Housing and Urban Development's Section 8 Voucher Housing Programs and State Rehabilitation Programs.

### **CITY PROJECTS**

To account for proceeds used to fund the acquisition and construction of public improvements, for proceeds from State Gas Tax (Section 2105 and 2106), State and Federal transit programs, development, and for proceeds from bonds issued to fund City public facilities and infrastructure projects.

### **OTHER GOVERNMENTAL FUNDS**

Other Governmental Funds is the aggregate of all the non-major governmental funds.

**CITY OF VACAVILLE  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	SUCCESSOR HOUSING	HOUSING ASSISTANCE	CITY PROJECTS		
<b>ASSETS</b>						
Cash and investments	\$ 17,986,384	\$ 2,243,389	\$ 1,205,886	\$ 20,325,508	\$ 11,996,740	\$ 53,757,907
Receivables:						
Interest	293,626	-	-	16,868	-	310,494
Taxes	5,044,834	-	-	175,269	70,322	5,290,425
Accounts	2,612,008	14,870	161,059	2,791,576	594,780	6,174,293
Loans	-	30,644,520	609,710	-	10,783,262	42,037,492
Restricted cash and investments held by fiscal agent	-	198,162	-	6,903,278	4,759,197	11,860,637
Due from other funds	175,253	-	-	-	-	175,253
Deposits	263,415	-	-	-	-	263,415
Advances to other funds	133,646	-	-	-	-	133,646
Due from RDA Successor Agency	3,051,767	3,881,685	-	-	-	6,933,452
Total assets	<u>\$ 29,560,933</u>	<u>\$ 36,982,626</u>	<u>\$ 1,976,655</u>	<u>\$ 30,212,499</u>	<u>\$ 28,204,301</u>	<u>\$ 126,937,014</u>

**CITY OF VACAVILLE  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

	MAJOR FUNDS				OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
	GENERAL	SUCCESSOR HOUSING	HOUSING ASSISTANCE	CITY PROJECTS		
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts and contract payable	\$ 1,134,850	\$ 2,869	\$ 1,937	\$ 807,348	\$ 195,194	\$ 2,142,198
Accrued payroll	2,353,930	15,438	43,055	50,813	171,368	2,634,604
Due to other funds	-	-	-	-	175,253	175,253
Deposits payable	3,332,588	27,217	190,220	1,893,219	4,456,355	9,899,599
Unearned revenue	376,376	-	452,035	-	1,543,161	2,371,572
Due to RDA Successor Agency	-	-	-	9,010,760	-	9,010,760
Due to other governments	-	-	228	-	2,732	2,960
Advances from other funds	202,815	-	-	1,846,996	-	2,049,811
<b>Total liabilities</b>	<b>7,400,559</b>	<b>45,524</b>	<b>687,475</b>	<b>13,609,136</b>	<b>6,544,063</b>	<b>28,286,757</b>
<b>Deferred Inflows of Resources:</b>						
Grants received in advance	97,541	-	-	-	121,463	219,004
Deferred development impact fees	-	-	-	311,322	-	311,322
Unavailable revenue - loans	-	5,662,519	-	-	93,000	5,755,519
<b>Total deferred inflows</b>	<b>97,541</b>	<b>5,662,519</b>	<b>-</b>	<b>311,322</b>	<b>214,463</b>	<b>6,285,845</b>
<b>Fund Balances:</b>						
Nonspendable	3,185,413	-	-	-	-	3,185,413
Restricted	101,514	31,274,583	1,289,180	4,155,190	21,621,028	58,441,495
Assigned	2,674,443	-	-	12,136,851	-	14,811,294
Unassigned	16,101,463	-	-	-	(175,253)	15,926,210
<b>Total fund balances</b>	<b>22,062,833</b>	<b>31,274,583</b>	<b>1,289,180</b>	<b>16,292,041</b>	<b>21,445,775</b>	<b>92,364,412</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 29,560,933</b>	<b>\$ 36,982,626</b>	<b>\$ 1,976,655</b>	<b>\$ 30,212,499</b>	<b>\$ 28,204,301</b>	<b>\$ 126,937,014</b>

**CITY OF VACAVILLE**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS - BALANCE SHEET WITH THE STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

**TOTAL FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 92,364,412

Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds

**CAPITAL ASSETS**

Governmental Funds Balance Sheet net of internal service funds (Central Services & Technology Replacement) capital assets of \$1,481,291. 414,504,083

**ALLOCATION OF INTERNAL SERVICE FUND NET POSITION**

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in Governmental Activities in the Government-Wide Statement of Net Position. (6,597,218)

**LONG TERM ASSETS AND LIABILITIES**

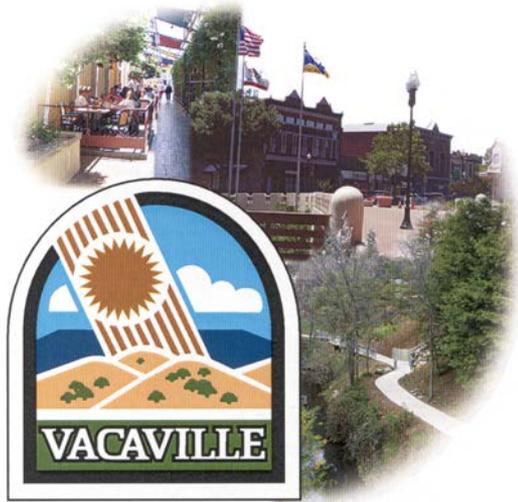
The assets and liabilities below are not due and payable in the current period and therefore are not reported in the governmental funds:

Prepaid items	1,093,765
OPEB trust liability	(13,817,957)
Deferred employer pension contributions	12,494,794
Net pension liability	(127,696,064)
Deferred outflows of resources - pension	(17,768,837)
Long-term debt	(15,339,787)
Compensated absences	(10,146,750)
Interest payable	(120,538)

**ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES**

Revenues which are unearned in the Fund Financial Statements because they are not available currently are taken into revenue in the Statement of Activities. 6,066,841

**NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 335,036,744



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

	GENERAL	SUCCESSOR HOUSING	HOUSING ASSISTANCE	CITY PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>						
Taxes and fees	\$ 64,989,921	\$ -	\$ -	\$ 8,284,162	\$ 4,491,686	\$ 77,765,769
Licenses and permits	214,366	-	-	-	1,330,945	1,545,311
Investment income	1,266,312	63,170	1,966	332,134	37,051	1,700,633
Intergovernmental	832,540	-	11,463,478	4,893,095	2,989,291	20,178,404
Charges for services	7,961,475	-	27,340	-	2,098,961	10,087,776
Fines, forfeitures, and penalties	230,205	-	-	-	4,601	234,806
Other	834,515	47,095	67,603	819,965	165,037	1,934,215
Total revenues	<u>76,329,334</u>	<u>110,265</u>	<u>11,560,387</u>	<u>14,329,356</u>	<u>11,117,572</u>	<u>113,446,914</u>
<b>EXPENDITURES:</b>						
Current:						
General government	7,056,257	-	-	-	2,452,891	9,509,148
Public safety	48,657,806	-	-	-	1,454,101	50,111,907
Public works	4,923,918	-	-	-	1,980,312	6,904,230
Community services	7,782,223	-	-	-	3,604,702	11,386,925
Housing	-	419,756	12,786,933	-	-	13,206,689
Capital outlay	-	-	-	10,092,944	143,323	10,236,267
Debt service:						
Principal	322,989	-	-	254,750	382,875	960,614
Interest and fiscal charges	27,743	-	-	228,402	227,082	483,227
Total expenditures	<u>68,770,936</u>	<u>419,756</u>	<u>12,786,933</u>	<u>10,576,096</u>	<u>10,245,286</u>	<u>102,799,007</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>7,558,398</u>	<u>(309,491)</u>	<u>(1,226,546)</u>	<u>3,753,260</u>	<u>872,286</u>	<u>10,647,907</u>

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

	GENERAL	SUCCESSOR HOUSING	HOUSING ASSISTANCE	CITY PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in	1,897,941	245,000	2,571	879,601	1,619,624	4,644,737
Transfers out	(2,207,368)	(2,571)	-	(279,582)	(2,407,731)	(4,897,252)
Sale of capital assets	16,534	223,995	-	-	-	240,529
Issuance of debt and loans	-	-	-	6,000,000	-	6,000,000
Total other financing sources (uses)	(292,893)	466,424	2,571	6,600,019	(788,107)	5,988,014
<b>EXTRAORDINARY ITEM</b>						
ABX1 26 from Successor Agency	3,051,767	762,942	-	-	-	3,814,709
<b>NET CHANGES IN TOTAL FUND BALANCE</b>	10,317,272	919,875	(1,223,975)	10,353,279	84,179	20,450,630
Fund balances, beginning of year as previously reported	11,745,561	3,682,686	2,163,196	5,938,762	10,423,166	33,953,371
Prior period adjustment	-	26,672,022	349,959	-	10,938,430	37,960,411
Fund balances, beginning of year	11,745,561	30,354,708	2,513,155	5,938,762	21,361,596	71,913,782
Fund balances, end of year	\$ 22,062,833	\$ 31,274,583	\$ 1,289,180	\$ 16,292,041	\$ 21,445,775	\$ 92,364,412

**CITY OF VACAVILLE**  
**RECONCILIATION OF THE NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS WITH THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS** \$ 20,450,630

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

**CAPITAL ASSETS TRANSACTIONS**

Governmental Funds reported capital asset expenditures as part of capital outlay and other departmental expenditures. However, in the Government-Wide Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. Technology Replacement, internal service fund capital asset additions were \$322,129. This is detail of the amount of capital assets recorded in the current period.

Capital outlay	10,236,267
Uncapitalized outlay costs	(6,117,590)
Departmental expenditures capitalized	1,599,845
Developer contributions	4,050,078

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. Internal service funds depreciation is \$351,645. (10,964,488)

**LONG TERM DEBT PROCEEDS AND PAYMENTS**

Issuance of debt proceeds provides current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Position. (6,000,000)

Repayment of principal is an expenditure in Governmental Funds, but the repayment is a reduction in long-term liabilities in the Government-Wide Statement of Net Position. 960,614

**ACCRUAL OF NON-CURRENT ITEMS**

The amounts below included in the Statement of Activities do not require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds:

Prepaid items	638,917
Compensated absences	(884,380)
OPEB expense	(3,845,116)
Unavailable revenue - loans	1,079,047
Interest expense	(21,888)
Proceeds from sale of capital assets	2,756
Loss from disposal of capital assets	(12,055,619)

**CITY OF VACAVILLE**  
**RECONCILIATION OF THE NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS WITH THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**PENSION ACTIVITY**

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statements these contributions are deferred. 12,494,794

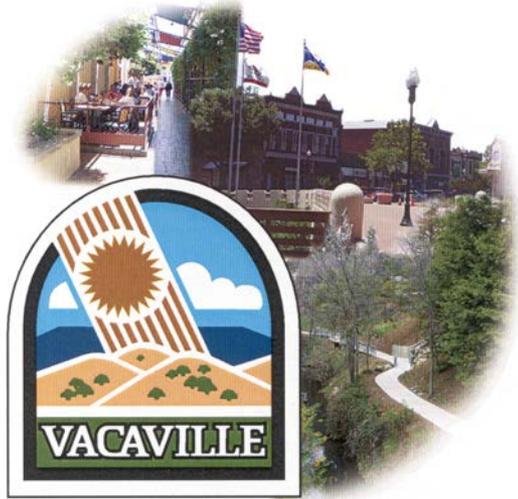
In the Government-Wide Financial Statements, certain differences between actuarial amounts and actual results for pension are deferred and amortized over a period of time, however these differences do not impact the Governmental Funds Balance Sheet.

Pension expense related to the net pension liability does not require the use of current financial resources and therefore was not included in the Governmental Funds but should be recognized in the Statement of Net Position for full accrual. (11,320,014)

**ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY**

Internal service funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with the governmental activities. 271,521

**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 575,374



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## **PROPRIETARY FUND FINANCIAL STATEMENTS**

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### **SEWER UTILITY**

To account for the operation (including waste water treatment) of the City's sewer facility, a self-supporting activity which provides services on a user charge basis.

### **WATER UTILITY**

To account for the operation of the City's water utility, a self-supporting activity which provides services on a user charge basis.

### **TRANSIT**

To account for the operation of the City's transit system.

**CITY OF VACAVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	SEWER UTILITY	WATER UTILITY	TRANSIT	TOTALS	
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 71,806,859	\$ 30,320,367	\$ -	\$ 102,127,226	\$ 8,642,778
Interest receivable	97,754	38,939	-	136,693	-
Accounts receivable	5,004,537	2,272,471	455,082	7,732,090	-
Prepaid items	-	-	-	-	15,618
Restricted cash and investments	-	102,238	-	102,238	503,114
Due from other funds	225,425	-	-	225,425	534,306
Inventories-supplies	-	-	-	-	138,819
<b>Total current assets</b>	<b>77,134,575</b>	<b>32,734,015</b>	<b>455,082</b>	<b>110,323,672</b>	<b>9,834,635</b>
Noncurrent assets:					
Deposits	-	-	-	-	163,723
Advances to other funds	918,480	1,231,331	-	2,149,811	-
Investment in joint venture	-	19,921,386	-	19,921,386	-
<b>Total noncurrent assets</b>	<b>918,480</b>	<b>21,152,717</b>	<b>-</b>	<b>22,071,197</b>	<b>163,723</b>
Capital assets:					
Land	2,847,722	2,830,750	4,928,788	10,607,260	-
Construction in progress	16,102,334	3,626,574	373,174	20,102,082	410,147
Buildings and improvements	276,393,820	52,477,747	15,876,541	344,748,108	145,369
Machinery and equipment	1,018,838	144,579	9,522,399	10,685,816	7,752,086
Transmission and distribution system	41,905,191	58,111,586	-	100,016,777	-
Less: accumulated depreciation	(82,465,490)	(43,994,956)	(6,800,617)	(133,261,063)	(4,855,824)
<b>Total capital assets</b>	<b>255,802,415</b>	<b>73,196,280</b>	<b>23,900,285</b>	<b>352,898,980</b>	<b>3,451,778</b>
<b>Total assets</b>	<b>333,855,470</b>	<b>127,083,012</b>	<b>24,355,367</b>	<b>485,293,849</b>	<b>13,450,136</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred employer pension contributions	1,586,358	896,637	-	2,482,995	551,777

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			TOTALS	GOVERNMENTAL ACTIVITIES - INTERNAL SERVICE FUNDS
	SEWER UTILITY	WATER UTILITY	TRANSIT		
<b>LIABILITIES</b>					
Current liabilities:					
Accounts and contract payable	908,160	964,575	171,501	2,044,236	577,098
Accrued payroll	294,481	187,940	8,902	491,323	166,066
Interest payable	2,721,442	67,718	-	2,789,160	5,042
Due to other funds	-	-	225,425	225,425	534,306
Employee benefits payable	-	-	-	-	661,721
Deposits payable	63,241	9,747,805	149,538	9,960,584	1,835
Due to other governments	-	-	92,837	92,837	-
Compensated absences - due within one year	102,297	61,150	-	163,447	-
Claims payable - due within one year	-	-	-	-	1,849,000
Long-term debt - due within one year	7,729,355	369,487	-	8,098,842	209,918
<b>Total current liabilities</b>	<b>11,818,976</b>	<b>11,398,675</b>	<b>648,203</b>	<b>23,865,854</b>	<b>4,004,986</b>
Noncurrent liabilities:					
Advances from other funds	133,646	100,000	-	233,646	-
Unearned revenue	32,335	97,379	-	129,714	-
Compensated absences - due in more than a year	921,840	107,887	-	1,029,727	-
Remediation liability	1,355,000	-	-	1,355,000	-
OPEB trust liability	2,049,888	1,149,355	59,348	3,258,591	-
Pension liability	19,541,386	11,045,133	-	30,586,519	6,797,006
Claims payable - due in more than one year	-	-	-	-	4,796,000
Long-term debt - due in more than one year	134,992,672	6,314,017	-	141,306,689	676,740
<b>Total noncurrent liabilities</b>	<b>159,026,767</b>	<b>18,813,771</b>	<b>59,348</b>	<b>177,899,886</b>	<b>12,269,746</b>
<b>Total liabilities</b>	<b>170,845,743</b>	<b>30,212,446</b>	<b>707,551</b>	<b>201,765,740</b>	<b>16,274,732</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension actuarial	2,554,136	1,443,643	-	3,997,779	888,395
<b>NET POSITION</b>					
Net investment in capital assets	113,080,388	66,512,776	23,900,285	203,493,449	2,662,620
Restricted for capital projects	-	102,238	-	102,238	467
Unrestricted	48,961,561	29,708,546	(252,469)	78,417,638	(5,824,301)
<b>Total net position business-type activities</b>	<b>\$ 162,041,949</b>	<b>\$ 96,323,560</b>	<b>\$ 23,647,816</b>	<b>282,013,325</b>	<b>\$ (3,161,214)</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				3,436,004	
Net position of business-type activities				<b>\$ 285,449,329</b>	

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUNDS</u>
	<u>SEWER UTILITY</u>	<u>WATER UTILITY</u>	<u>TRANSIT</u>	<u>TOTALS</u>	
<b>OPERATING REVENUES:</b>					
Charges for sales and services:					
Sewer charges	\$ 33,068,876	\$ -	\$ -	\$ 33,068,876	\$ -
Water sales	-	15,361,007	-	15,361,007	-
Transit fares	-	-	487,579	487,579	-
Internal service charges	-	-	-	-	13,406,946
<b>Total operating revenues</b>	<b>33,068,876</b>	<b>15,361,007</b>	<b>487,579</b>	<b>48,917,462</b>	<b>13,406,946</b>
<b>OPERATING EXPENSES:</b>					
Treatment plant and sources of supply	5,831,178	5,715,976	-	11,547,154	-
Transmission and distribution	-	1,889,482	-	1,889,482	-
Maintenance	5,110,890	2,178,748	-	7,289,638	-
Customer services and administration	8,052,785	5,302,781	-	13,355,566	-
Transportation	-	-	2,307,686	2,307,686	-
Internal service expenses	-	-	-	-	12,582,034
Depreciation	6,641,486	2,447,938	1,240,128	10,329,552	620,562
<b>Total operating expenses</b>	<b>25,636,339</b>	<b>17,534,925</b>	<b>3,547,814</b>	<b>46,719,078</b>	<b>13,202,596</b>
<b>OPERATING INCOME (LOSS)</b>	<b>7,432,537</b>	<b>(2,173,918)</b>	<b>(3,060,235)</b>	<b>2,198,384</b>	<b>204,350</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Gain from joint venture	-	115,378	-	115,378	-
Interest revenue	396,958	142,762	73	539,793	-
Interest expense	(2,836,567)	(205,567)	-	(3,042,134)	(22,341)
Taxes and other	241,398	1,454,971	1,806,593	3,502,962	-
Connection fees	4,220,137	2,758,158	-	6,978,295	-
<b>Total nonoperating revenues (expenses)</b>	<b>2,021,926</b>	<b>4,265,702</b>	<b>1,806,666</b>	<b>8,094,294</b>	<b>(22,341)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>9,454,463</b>	<b>2,091,784</b>	<b>(1,253,569)</b>	<b>10,292,678</b>	<b>182,009</b>

**CITY OF VACAVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2015**

	<u>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</u>			<u>TOTALS</u>	GOVERNMENTAL
	<u>SEWER UTILITY</u>	<u>WATER UTILITY</u>	<u>TRANSIT</u>		<u>ACTIVITIES INTERNAL SERVICE FUNDS</u>
<b>TRANSFER:</b>					
Transfers in	49,373	49,818	-	99,191	255,807
Transfers out	(7,500)	(18,801)	-	(26,301)	(76,182)
<b>Total transfers</b>	<b>41,873</b>	<b>31,017</b>	<b>-</b>	<b>72,890</b>	<b>179,625</b>
<b>CAPITAL CONTRIBUTIONS:</b>					
Intergovernmental	-	-	109,498	109,498	-
Developers	483,683	858,300	-	1,341,983	-
<b>Total capital contributions</b>	<b>483,683</b>	<b>858,300</b>	<b>109,498</b>	<b>1,451,481</b>	<b>-</b>
<b>Change in net position</b>	<b>9,980,019</b>	<b>2,981,101</b>	<b>(1,144,071)</b>	<b>11,817,049</b>	<b>361,634</b>
<b>NET POSITION:</b>					
Net position, beginning of year as previously reported	172,571,763	106,242,241	24,791,887		3,611,007
Prior period adjustment	(20,509,833)	(12,899,782)	-		(7,133,855)
Net position, beginning of year	152,061,930	93,342,459	24,791,887		(3,522,848)
Net position, end of year	<u>\$ 162,041,949</u>	<u>\$ 96,323,560</u>	<u>\$ 23,647,816</u>		<u>\$ (3,161,214)</u>
				Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	90,111
				Change in net position of business-type activities	<u>\$ 11,907,160</u>

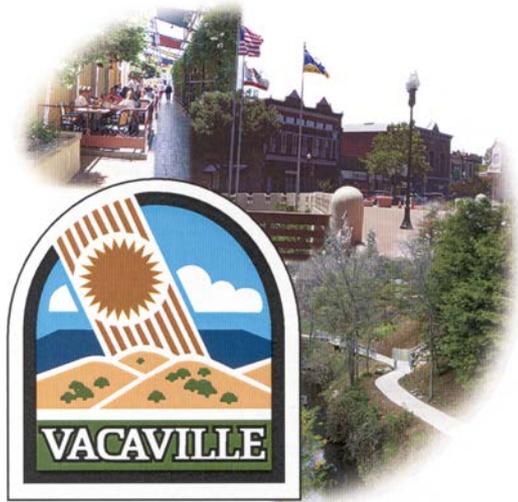
**CITY OF VACAVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL
	SEWER UTILITY	WATER UTILITY	TRANSIT	TOTALS	ACTIVITIES- SERVICE FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users	\$ 35,699,838	\$ 17,363,700	\$ 79,354	\$ 53,142,892	\$ 14,295,341
Payments to suppliers	(16,607,417)	(11,064,942)	(1,906,217)	(29,578,576)	(10,309,974)
Payments to employees	(8,150,411)	(4,610,533)	(223,175)	(12,984,119)	(1,525,920)
Claims paid	-	-	-	-	(591,789)
<b>Net cash provided by (used in) operating activities</b>	<b>10,942,010</b>	<b>1,688,225</b>	<b>(2,050,038)</b>	<b>10,580,197</b>	<b>1,867,658</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Advances to/(from) other funds	29,318	32,477	-	61,795	-
Due to/(from) other funds	(225,425)	-	225,425	-	-
Transfers in	49,373	49,818	-	99,191	255,807
Transfers out	(7,500)	(18,801)	-	(26,301)	(76,182)
Taxes	189,159	101,074	-	290,233	-
Ground lease	50,000	-	-	50,000	-
Annexation fees	-	527,732	-	527,732	-
Industry permit fees	2,239	-	-	2,239	-
Sale of water	-	800,000	-	800,000	-
Power plant revenue	-	26,165	-	26,165	-
Connection fees	4,220,137	2,758,158	-	6,978,295	-
Grants	-	-	1,806,593	1,806,593	-
<b>Net cash provided by noncapital financing activities</b>	<b>4,307,301</b>	<b>4,276,623</b>	<b>2,032,018</b>	<b>10,615,942</b>	<b>179,625</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Net proceeds from issuance of long-term debt	10,398,348	-	-	10,398,348	507,647
Acquisition and construction of capital assets	(14,107,963)	(259,863)	-	(14,367,826)	(1,343,174)
Principal paid on capital debt	(4,875,693)	(415,815)	-	(5,291,508)	(223,753)
Interest paid	(2,032,809)	(210,158)	-	(2,242,967)	(22,341)
<b>Net cash used in capital and related financing activities</b>	<b>(10,618,117)</b>	<b>(885,836)</b>	<b>-</b>	<b>(11,503,953)</b>	<b>(1,081,621)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest received	396,958	142,762	73	539,793	-
<b>Net cash provided by investing activities</b>	<b>396,958</b>	<b>142,762</b>	<b>73</b>	<b>539,793</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>5,028,152</b>	<b>5,221,774</b>	<b>(17,947)</b>	<b>10,231,979</b>	<b>965,662</b>
<b>CASH AND CASH EQUIVALENTS:</b>					
Beginning of year	66,778,707	25,200,831	17,947	91,997,485	8,180,230
Cash and investments	71,806,859	30,320,367	-	102,127,226	8,642,778
Restricted cash and investments	-	102,238	-	102,238	503,114
Total cash and investments end of year	\$ 71,806,859	\$ 30,422,605	\$ -	\$ 102,229,464	\$ 9,145,892
<b>NONCASH TRANSACTIONS:</b>					
Contribution and transfer of capital assets, net	\$ 483,683	\$ 858,300	\$ 109,498	\$ 1,451,481	\$ -

See accompanying Notes to Basic Financial Statements.

**CITY OF VACAVILLE  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED JUNE 30, 2015**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL
	SEWER UTILITY	WATER UTILITY	TRANSIT	TOTALS	ACTIVITIES- SERVICE FUNDS
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>					
<b>PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>					
Operating income (loss)	\$ 7,432,537	\$ (2,173,918)	\$ (3,060,235)	\$ 2,198,384	\$ 204,350
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	6,641,486	2,447,938	1,240,128	10,329,552	620,562
Changes in assets and liabilities:					
(Increase) decrease in accounts receivable	189,112	585,336	(128,205)	646,243	-
Increase in interest receivable	(97,754)	(38,939)	-	(136,693)	-
Decrease (increase) in prepaid expenses	306	97	-	403	(399)
Increase in inventories - supplies	-	-	-	-	(3,183)
Decrease in deposits	-	-	-	-	3,086
Increase in deferred outflow of resources - pension	(1,586,358)	(896,637)	-	(2,482,995)	(551,777)
Increase (decrease) in accounts and contracts payable	(3,848,740)	(111,291)	23,490	(3,936,541)	353,227
Increase (decrease) in accrued payroll	(17,221)	19,091	785	2,655	63,815
Increase in employee benefits payable	-	-	-	-	203,389
Increase in compensated absences	216,757	33,229	-	249,986	-
Increase in deposits payable	58,000	763,090	140,154	961,244	-
Increase in interest payable	-	-	-	-	5,042
Decrease in due to other governments	-	-	(280,020)	(280,020)	-
Increase (decrease) in unearned revenue	(14,532)	12,653	-	(1,879)	-
Increase in OPEB trust liability	382,728	151,315	13,865	547,908	-
Decrease in pension liability	(968,447)	(547,382)	-	(1,515,829)	(336,849)
Increase in deferred outflow of resources - pension	2,554,136	1,443,643	-	3,997,779	888,395
Increase in insurance liability	-	-	-	-	418,000
Total adjustments	3,509,473	3,862,143	1,010,197	8,381,813	1,663,308
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 10,942,010</b>	<b>\$ 1,688,225</b>	<b>\$ (2,050,038)</b>	<b>\$ 10,580,197</b>	<b>\$ 1,867,658</b>



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## **FIDUCIARY FUND FINANCIAL STATEMENTS**

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### **AGENCY FUNDS**

To account for other deposits received from outside parties including deposits from Solano Transportation Authority, Solano County Transit, Community Action Partnership of Solano, refunding of permit monies and restitution for crimes committed. Also used to account for monies received through property tax to pay debt service payments for the Special Assessment Districts and to account for bond proceeds and repayment of debt service held in trust.

### **PRIVATE PURPOSE TRUST FUND**

To account for the proceeds of the dissolution of the Redevelopment Agency.

**CITY OF VACAVILLE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Agency Funds	Private Purpose Trust Fund Successor Agency
<b>ASSETS</b>		
<hr/>		
Current assets:		
Cash and investments	\$ 33,284,318	\$ 11,468,721
Receivables:		
Interest	-	19,836
Loans	-	5,174,146
Prepaid expenses	-	-
Total current assets	33,284,318	16,662,703
Noncurrent assets:		
Restricted cash and investments	-	8,697,327
Long-term receivable from City of Vacaville	-	9,010,760
Capital assets, non-depreciable	-	2,069,141
Capital assets, net of accumulated depreciation	-	26,213,156
Total noncurrent assets	-	45,990,384
Total assets	\$ 33,284,318	62,653,087
 <b>LIABILITIES</b>		
<hr/>		
Current liabilities:		
Accounts payable and contracts payable	\$ -	2,419
Accrued payroll	-	10,145
Deposits payable	24,964,550	133,302
Unearned revenue	-	19,946
Interest payable	-	793,203
Long-term liabilities - due within one year	-	2,207,983
Total current liabilities	24,964,550	3,166,998
Noncurrent liabilities:		
Long-Term note payable to City of Vacaville	-	6,933,452
Long-Term liabilities - due in more than a year	-	46,239,894
Due to bondholders	8,319,768	-
Total liabilities	\$ 33,284,318	56,340,344
 <b>NET POSITION</b>		
<hr/>		
Held in trust for dissolution of the Redevelopment Agency		\$ 6,312,743

**CITY OF VACAVILLE  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
PRIVATE PURPOSE TRUST FUND - SUCCESSOR AGENCY  
FOR THE YEAR ENDED JUNE 30, 2015**

**ADDITIONS:**

Investment income	\$	153,282
Revelopment Agency (RDA) property tax trust fund distribution		10,563,135
Other		<u>193,028</u>
Total additions:		<u>10,909,445</u>

**DEDUCTIONS:**

Program expenses of former RDA		316,216
DDA agreements		3,684,652
Professional fees		125,658
Depreciation expense		805,294
Fiscal fines and other fees		9,966
Interest expense		2,503,391
ABx1 26 Clawback		<u>3,814,709</u>
Total deductions		<u>11,259,886</u>

Change in net assets		(350,441)
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**NET POSITION:**

Beginning of year		<u>6,663,184</u>
End of year		<u><u>\$ 6,312,743</u></u>



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**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Vacaville, California, (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

**A. *Reporting Entity***

The City of Vacaville was incorporated August 9, 1892 as a General Law City in the State of California. The City operates under the Council-Manager form of government. Services provided by the City include: public safety (police, fire and ambulance), public works (parks, streets and highways), community development (building regulation, planning and zoning), community services (culture and recreation), housing, public utilities (sewer and water), public improvements and general administrative services.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The City had no discretely presented component units. Each blended component unit has a June 30 year-end. The City Council serves as the governing board, or comprises a majority of the governing board of each of the blended component units. The City Council must represent a voting majority of the governing boards of the blended component units. The component units discussed in the following paragraphs are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The following entities are reported as blended component units:

Vacaville Housing Authority

The Vacaville Housing Authority (VHA) is organized under the California Health and Safety Code and was established pursuant to the laws of the State of California to provide housing subsidies on behalf of eligible participants, to transact business and to have those powers as defined by law. The Housing Authority has entered into an Annual Contributions Contract with the U.S. Department of Housing and Urban Development (HUD) pertaining to its Housing Choice Voucher Program. The objectives of VHA are to aid low-income families in obtaining decent, safe and sanitary housing through federal assistance programs. The City Council serves as the governing body for the Vacaville Housing Authority and the City Manager has operational responsibility for the component unit.

Vacaville Public Financing Authority

The Vacaville Public Financing Authority (the Authority) was established pursuant to a Joint Exercise of Powers Agreement dated April 12, 1988, by and between the City and the Agency in accordance with provisions of the Joint Powers Act (Act). The Authority was created for the purpose of assisting with the financing of public capital improvements. The Authority has the power to issue bonds to pay the cost of public capital improvements.

Financial statements for the Vacaville Housing Authority can be obtained by contacting the City's Finance Department. The Vacaville Public Financing Authority does not issue financial statements.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The City is no longer reporting the Solano County Housing Authority as a component unit. Solano County includes the Solano County Housing Authority as a component unit in their Comprehensive Annual Financial Report. The Solano County Board of Supervisors is the governing body of the Solano County Housing Authority.

**B. Basis of Accounting, Measurement Focus and Financial Statement Presentation**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**Government-Wide Financial Statements**

The City Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government’s water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The assets and liabilities of the internal services funds have been included in the Statement of Net Position based on the predominant user of the services. The Vehicle Replacement internal service fund assets and liabilities have been reported in the business type activities column and the Central Services, Technology Replacement, Insurance and Employee Benefits internal service funds assets and liabilities have been reported in the governmental activities column.

**Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary funds focus on total economic resources and employ the accrual basis of accounting, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds include both trust and agency funds. Agency funds do not have a measurement focus since they do not report equity – they report only assets and liabilities. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The City reports the following major governmental funds:

General Fund – the City’s primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Successor Housing Special Revenue Fund – to account for the proceeds and dissolution of Redevelopment due to AB26x1. See further description at footnote 14.

Housing Assistance Special Revenue Fund – to account for restricted grant funds received from the Federal Government to provide rental assistance payments to low-income, elderly, disabled, and handicapped people qualifying for the programs, as well as for the rehabilitation for rental property. Funds are received from the U.S. Department of Housing and Urban Development’s Section 8 Voucher Housing Programs and State Rehabilitation Programs.

City Projects Capital Projects Fund – to account for proceeds used to fund the acquisition and construction of public improvements, proceeds from State Gas Tax, State and Federal transit programs, development, and for proceeds from bonds issued to fund City public facilities and infrastructure projects.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The City reports the following major enterprise funds:

Sewer Utility Fund – to account for the operation and maintenance of the City’s sewer system.

Water Utility Fund – to account for the operation and maintenance of the City’s water treatment and water transmission and distribution system.

Transit Fund – to account for the operation and management of the City’s transit operations including a fixed route bus system, taxi subsidy program and paratransit operations.

Additionally, the City reports the following fund types:

**Internal Service funds**

Internal service funds – account for centralized purchases, equipment replacement, sick and vacation leave payoffs related to employee retirements and retiree health insurance premiums, and self-insured services provided to other departments of the government, or to other governments, on a cost reimbursement basis.

**Fiduciary funds**

**Agency Funds**

Other deposits fund – to account for deposits received from outside parties. Some of the large items include refunding of permit monies, amounts seized from crimes committed, and amounts held for Solano Transportation Authority and Solano County Transit.

Special assessments funds – to account for monies received through property tax to pay debt service for the Special Assessment Districts.

Multifamily Housing Revenue Bonds – to account for bond proceeds and repayment of debt service held in trust. The City participated in the issuance of the Multifamily Housing Revenue and Refunding Bonds Series 2000A, 1999 Series A, and Multifamily Revenue Bonds 1988 Issue A. The bond proceeds were loaned to Vacaville Community Housing, WLP Sycamores Apartments, LLC and 700 Market Associates XXIII, respectively.

**Private-Purpose Trust Fund**

Successor Agency fund – to account for the proceeds and dissolution of the Redevelopment Agency due to AB26x1. See further description at footnote 14.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**C. *Cash, Cash Equivalents and Investments***

The City pools cash resources of its various funds to facilitate cash management. The cash pool functions as a demand deposit from the position of each individual fund. Cash in excess of current requirements is invested and reported as investments. It is the City's intent to hold investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. Interest earnings are apportioned among funds based on ending accounting period cash and investment balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less at the time of acquisition.

See further disclosures in Note 2 including use of certain methods to present deposits and investments, highly sensitive investments, and credit quality at year-end.

The City participates in the Local Agency Investment Fund (LAIF), an investment pool for local governments and special districts managed by the State of California. Under Federal Law, the State of California cannot declare bankruptcy, therefore deposits in the LAIF shall not be subject to either of the following: (a) transfer or loan pursuant to Government Code Sections 16310, 16312 or 16313 or (b) impoundment or seizure by any state official or state agency.

**D. *Receivables and Payables***

Property, sales and use taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and collectible. Unbilled utility revenue earned is recognized as revenue and accounts receivable in the enterprise funds.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" or "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**E. Net Position**

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Additionally, this category presents restrictions placed as established by the City Council.

Unrestricted net position – This category represents the net position of the City, which are not restricted or invested in capital assets net of related debt for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first. Additionally, certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for capital projects, streets and highways, housing and special programs.

**F. Fund Balance**

Fund balances presented in the governmental fund financial statements represent the difference between assets and liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The City evaluated each of its funds at June 30, 2015 and classified fund balances into the following five categories:

Nonspendable – includes fund balance amounts that cannot be spent because they are either (a) not expected to be converted to cash or (b) legally or contractually required to be maintained intact.

Restricted – includes fund balance amounts that are subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the City Council. The City Council must approve an amendment to the Annual Appropriation resolution to allow for removal or change to the constraint. As of June 30, 2015 the City does not have any fund balances that have been committed.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council assigns fund balance.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The city reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The City reduced committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amount in any of those unrestricted fund balance classifications could be used. Additional information concerning the nature of the City's fund balances pursuant to GASB Statement No. 54 is provided in Note 12 – Fund Balance.

**G. Inventory and Prepaid Items**

Inventory is valued at the lower of cost (weighted average) or market using the first-in first-out method. The cost is recorded as an expenditure or expense in the appropriate fund at the time individual inventory items are withdrawn for use (consumption method).

The City applies the purchases method for prepaid items in the governmental funds and recognizes the entire amount of the prepayment as an expenditure of the period payment is made.

**H. Capital Assets**

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting infrastructure at \$100,000 with the exception of water and sewer/wastewater system networks, which have a \$25,000 threshold. All other non-infrasturcture capital assets have a capitalization threshold of \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and Improvements	10-40 years
Machinery and Equipment	5-20 years
Infrastructure	25-50 years
Land Improvements	25-40 years
Software	10 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, water and sewer systems, and storm drains. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems. Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

***I. Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds issued prior to the implementation of GASB Statement No. 34 have been presented at the gross issuance amount.

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

***J. Compensated Absences***

Employees accrue vacation, sick, holiday, and compensatory time off benefits. In the government-wide financial statements, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

In the fund financial statements, governmental fund types record compensated absences as expenditures in the years paid as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

***K. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

***L. Property Tax Revenue***

Article XIII of the California Constitution (Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the base and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transaction taxes on real property.

Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the City of Vacaville, California, (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below:

**A. *Reporting Entity***

The City of Vacaville was incorporated August 9, 1892 as a General Law City in the State of California. The City operates under the Council-Manager form of government. Services provided by the City include: public safety (police, fire and ambulance), public works (parks, streets and highways), community development (building regulation, planning and zoning), community services (culture and recreation), housing, public utilities (sewer and water), public improvements and general administrative services.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. The City had no discretely presented component units. Each blended component unit has a June 30 year-end. The City Council serves as the governing board, or comprises a majority of the governing board of each of the blended component units. The City Council must represent a voting majority of the governing boards of the blended component units. The component units discussed in the following paragraphs are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. The following entities are reported as blended component units:

Vacaville Housing Authority

The Vacaville Housing Authority (VHA) is organized under the California Health and Safety Code and was established pursuant to the laws of the State of California to provide housing subsidies on behalf of eligible participants, to transact business and to have those powers as defined by law. The Housing Authority has entered into an Annual Contributions Contract with the U.S. Department of Housing and Urban Development (HUD) pertaining to its Housing Choice Voucher Program. The objectives of VHA are to aid low-income families in obtaining decent, safe and sanitary housing through federal assistance programs. The City Council serves as the governing body for the Vacaville Housing Authority and the City Manager has operational responsibility for the component unit.

Vacaville Public Financing Authority

The Vacaville Public Financing Authority (the Authority) was established pursuant to a Joint Exercise of Powers Agreement dated April 12, 1988, by and between the City and the Agency in accordance with provisions of the Joint Powers Act (Act). The Authority was created for the purpose of assisting with the financing of public capital improvements. The Authority has the power to issue bonds to pay the cost of public capital improvements.

Financial statements for the Vacaville Housing Authority can be obtained by contacting the City's Finance Department. The Vacaville Public Financing Authority does not issue financial statements.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The City is no longer reporting the Solano County Housing Authority as a component unit. Solano County includes the Solano County Housing Authority as a component unit in their Comprehensive Annual Financial Report. The Solano County Board of Supervisors is the governing body of the Solano County Housing Authority.

**B. Basis of Accounting, Measurement Focus and Financial Statement Presentation**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. City resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

**Government-Wide Financial Statements**

The City Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements.

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government’s water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The assets and liabilities of the internal services funds have been included in the Statement of Net Position based on the predominant user of the services. The Vehicle Replacement internal service fund assets and liabilities have been reported in the business type activities column and the Central Services, Technology Replacement, Insurance and Employee Benefits internal service funds assets and liabilities have been reported in the governmental activities column.

**Fund Financial Statements**

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary funds focus on total economic resources and employ the accrual basis of accounting, which recognizes increases and decreases in economic resources as soon as the underlying event or transaction occurs. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds include both trust and agency funds. Agency funds do not have a measurement focus since they do not report equity – they report only assets and liabilities. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The City reports the following major governmental funds:

General Fund – the City’s primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Successor Housing Special Revenue Fund – to account for the proceeds and dissolution of Redevelopment due to AB26x1. See further description at footnote 14.

Housing Assistance Special Revenue Fund – to account for restricted grant funds received from the Federal Government to provide rental assistance payments to low-income, elderly, disabled, and handicapped people qualifying for the programs, as well as for the rehabilitation for rental property. Funds are received from the U.S. Department of Housing and Urban Development’s Section 8 Voucher Housing Programs and State Rehabilitation Programs.

City Projects Capital Projects Fund – to account for proceeds used to fund the acquisition and construction of public improvements, proceeds from State Gas Tax, State and Federal transit programs, development, and for proceeds from bonds issued to fund City public facilities and infrastructure projects.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

The City reports the following major enterprise funds:

Sewer Utility Fund – to account for the operation and maintenance of the City’s sewer system.

Water Utility Fund – to account for the operation and maintenance of the City’s water treatment and water transmission and distribution system.

Transit Fund – to account for the operation and management of the City’s transit operations including a fixed route bus system, taxi subsidy program and paratransit operations.

Additionally, the City reports the following fund types:

**Internal Service funds**

Internal service funds – account for centralized purchases, equipment replacement, sick and vacation leave payoffs related to employee retirements and retiree health insurance premiums, and self-insured services provided to other departments of the government, or to other governments, on a cost reimbursement basis.

**Fiduciary funds**

**Agency Funds**

Other deposits fund – to account for deposits received from outside parties. Some of the large items include refunding of permit monies, amounts seized from crimes committed, and amounts held for Solano Transportation Authority and Solano County Transit.

Special assessments funds – to account for monies received through property tax to pay debt service for the Special Assessment Districts.

Multifamily Housing Revenue Bonds – to account for bond proceeds and repayment of debt service held in trust. The City participated in the issuance of the Multifamily Housing Revenue and Refunding Bonds Series 2000A, 1999 Series A, and Multifamily Revenue Bonds 1988 Issue A. The bond proceeds were loaned to Vacaville Community Housing, WLP Sycamores Apartments, LLC and 700 Market Associates XXIII, respectively.

**Private-Purpose Trust Fund**

Successor Agency fund – to account for the proceeds and dissolution of the Redevelopment Agency due to AB26x1. See further description at footnote 14.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**C. *Cash, Cash Equivalents and Investments***

The City pools cash resources of its various funds to facilitate cash management. The cash pool functions as a demand deposit from the position of each individual fund. Cash in excess of current requirements is invested and reported as investments. It is the City's intent to hold investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. Interest earnings are apportioned among funds based on ending accounting period cash and investment balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less at the time of acquisition.

See further disclosures in Note 2 including use of certain methods to present deposits and investments, highly sensitive investments, and credit quality at year-end.

The City participates in the Local Agency Investment Fund (LAIF), an investment pool for local governments and special districts managed by the State of California. Under Federal Law, the State of California cannot declare bankruptcy, therefore deposits in the LAIF shall not be subject to either of the following: (a) transfer or loan pursuant to Government Code Sections 16310, 16312 or 16313 or (b) impoundment or seizure by any state official or state agency.

**D. *Receivables and Payables***

Property, sales and use taxes related to the current fiscal year are accrued as revenue and accounts receivable and considered available if received within 60 days of year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and collectible. Unbilled utility revenue earned is recognized as revenue and accounts receivable in the enterprise funds.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" or "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

**E. Net Position**

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net investment in capital assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted net position – This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Additionally, this category presents restrictions placed as established by the City Council.

Unrestricted net position – This category represents the net position of the City, which are not restricted or invested in capital assets net of related debt for any project or other purpose.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City's policy is to apply restricted net position first. Additionally, certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for capital projects, streets and highways, housing and special programs.

**F. Fund Balance**

Fund balances presented in the governmental fund financial statements represent the difference between assets and liabilities. GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental funds. GASB Statement No. 54 requires that the fund balances be classified into categories based upon the type of restrictions imposed on the use of funds. The City evaluated each of its funds at June 30, 2015 and classified fund balances into the following five categories:

Nonspendable – includes fund balance amounts that cannot be spent because they are either (a) not expected to be converted to cash or (b) legally or contractually required to be maintained intact.

Restricted – includes fund balance amounts that are subject to externally enforceable legal restrictions or constrained for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that can only be used for specific purposes pursuant to constraints imposed by the formal action of the City Council. The City Council must approve an amendment to the Annual Appropriation resolution to allow for removal or change to the constraint. As of June 30, 2015 the City does not have any fund balances that have been committed.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council assigns fund balance.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The city reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The City reduced committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amount in any of those unrestricted fund balance classifications could be used. Additional information concerning the nature of the City's fund balances pursuant to GASB Statement No. 54 is provided in Note 12 – Fund Balance.

**G. Inventory and Prepaid Items**

Inventory is valued at the lower of cost (weighted average) or market using the first-in first-out method. The cost is recorded as an expenditure or expense in the appropriate fund at the time individual inventory items are withdrawn for use (consumption method).

The City applies the purchases method for prepaid items in the governmental funds and recognizes the entire amount of the prepayment as an expenditure of the period payment is made.

**H. Capital Assets**

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting infrastructure at \$100,000 with the exception of water and sewer/wastewater system networks, which have a \$25,000 threshold. All other non-infrastructure capital assets have a capitalization threshold of \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and Improvements	10-40 years
Machinery and Equipment	5-20 years
Infrastructure	25-50 years
Land Improvements	25-40 years
Software	10 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, water and sewer systems, and storm drains. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems. Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

---

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

***I. Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bonds issued prior to the implementation of GASB Statement No. 34 have been presented at the gross issuance amount.

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

***J. Compensated Absences***

Employees accrue vacation, sick, holiday, and compensatory time off benefits. In the government-wide financial statements, compensated absences are recorded as incurred and the related expenses and liabilities are reported.

In the fund financial statements, governmental fund types record compensated absences as expenditures in the years paid as it is the City's policy to liquidate any unpaid compensated absences at June 30 from future resources, rather than currently available financial resources. In proprietary funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

***K. Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

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

***L. Property Tax Revenue***

Article XIII of the California Constitution (Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also established the 1975/76 assessed valuation as the base and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the Article from imposing new ad valorem, sales, or transaction taxes on real property.

Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

All property taxes are collected and allocated by the County of Solano to the various taxing entities. Property taxes are determined annually as of January 1 and attach as an enforceable lien on real property as of July 1. Taxes are due November 1 and February 1 and are delinquent if not paid by December 10 and April 10, respectively.

The City participates in an alternative method of distribution of property tax levies and assessments known as the "Teeter Plan". The State Revenue and Taxation Code allow counties to distribute secured real property, assessment and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments and related penalties and interest during a fiscal year will revert to Solano County. The Teeter Plan payment, which includes 95% of the outstanding accumulated delinquency, is included in property tax revenue. Under the Teeter Plan code, 5% of the delinquency must remain with the County as a reserve for Teeter Plan funding.

**M. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**N. Implementation of New GASB Pronouncements**

In 2015, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 – The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments and accountability and inter-period equity, and creating additional transparency.

GASB Statement No. 69, Government Combinations and Disposals of Government Operations – This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. There was no impact on beginning net position as part of the implementation of this accounting standard.

GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68 – The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The City restated its beginning net position as part of implementation of this accounting standard.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 2 - CASH AND INVESTMENTS**

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. This pooled cash is invested by the City's Investment Officer, and overseen by the City's Treasurer, to enhance interest earnings. The pooled interest earned is allocated to the funds based on cash and investment balances in these funds at the end of each accounting period.

**A. Deposits**

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

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City 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.

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

Statement of Net Position:	
Cash and Investments	\$ 164,527,911
Cash and Investments held by bond trustee	12,465,989
Fiduciary Funds:	
Cash and Investments	44,753,039
Cash and Investments held by bond trustee	<u>8,697,327</u>
Total Cash and Investments	<u>\$ 230,444,266</u>

Cash and Investments as of June 30, 2015 consist of the following:

Cash on hand	\$ 15,976
Deposits with financial institutions	12,607,990
Certificates of Deposit	4,000,000
Investments	<u>213,820,300</u>
Total Cash and Investments	<u>\$ 230,444,266</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 2 - CASH AND INVESTMENTS, continued**

**B. Investments Authorized by the California Government Code and Investment Policy**

The table below identifies the investment types authorized under the provisions of the City's investment policy, and in accordance with the California Government Code. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in in One Issuer</u>
Local Agency Investment Fund	N/A	100%	N/A
U.S. Government Securities	None	100%	100%
U.S. Agency Securities	None	100%	100%
Commercial Paper	270 days	25%	25%
Certificates of Deposit	N/A	N/A	N/A
Negotiable Certificates of Deposit	N/A	30%	30%
Corporate Notes	5 years	30%	30%
U.S. Agency Discount Notes	None	100%	100%
Municipal Bonds	None	100%	100%
Money Market Mutual Funds	N/A	20%	10%
Repurchase Agreements	1 year	100%	100%
Bankers Acceptance	180 days	40%	30%

**Investments Authorized by Debt Agreements**

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee and the City.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in in One Issuer</u>
U.S. Government Securities	N/A	100%	100%
U.S. Agency Securities	N/A	100%	100%
Repurchase Agreements	1 year	100%	100%
Money Market Mutual Funds	N/A	100%	100%
Guarantee Investment Contract	N/A	100%	100%

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 2 - CASH AND INVESTMENTS, continued**

Investments were stated at fair value using the aggregate method in all funds and component units, resulting in the following investment income in all funds and component units:

Unrealized gain in changes in fair value of investments	\$ 102,596
Interest income	<u>1,465,701</u>
Total investment income - Governmental and Proprietary Funds	<u>\$ 1,415,015</u>
Total investment income - Fiduciary Funds	<u>\$ 153,282</u>

The City portfolio value fluctuates in an inverse relationship to any change in interest rates. 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 practice is to buy and hold investments until their maturity dates.

**C. Disclosures Relating to Interest Rate Risk**

The City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments as of June 30, 2015 by maturity:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Local Agency Investment Fund	\$ 66,321,882	\$ 66,321,882	\$ -	\$ -	\$ -
U.S. Agency Securities	48,727,770	4,001,420	44,726,350	-	-
U.S. Government Securities	18,086,100	2,023,120	16,062,980	-	-
Municipal Bonds	7,760,219	4,011,720	3,748,499	-	-
Corporate Notes	36,296,842	6,323,102	29,973,740	-	-
Commercial Paper	18,970,884	18,970,884	-	-	-
Negotiable Certificates of Deposit	4,999,831	1,247,610	3,752,221	-	-
Money Market Mutual Funds	<u>12,656,772</u>	<u>12,656,772</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$213,820,300</u>	<u>\$115,556,510</u>	<u>\$98,263,790</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 2 - CASH AND INVESTMENTS, continued**

**D. Disclosures Relating to Credit Risk**

Credit Risk is the risk of loss of value of an investment due to a downgrade of its rating or the failure or impairment of its issuer. Credit Risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of June 30, 2015 for each investment type. In order to limit loss exposure due to Credit Risk, the investment policy limits purchases of investments in commercial paper to those rated A-1 by Standard & Poor's or P-1 by Moody's Investors Service. The U.S. Agency Securities and Treasuries have a split rating. As of June 30, 2015 the securities were rated AAA by Moody's and AA by Standard & Poor's Rating Services. All negotiable certificates of deposit held by the City are under \$250,000 and fully insured by the Federal Deposit Insurance Corporation.

Investment Type		Minimum Legal Rating	Minimum				Not Rated
			AAA	AA	A	A1/P1	
Local Agency Investment Fund	\$ 66,321,882	N/A	\$ -	\$ -	\$ -	\$ -	\$66,321,882
U.S. Agency Securities	48,727,770	N/A	-	48,727,770	-	-	-
U.S. Government Securities	18,086,100	N/A	-	18,086,100	-	-	-
Municipal Bonds	7,760,219	N/A	-	7,760,219	-	-	-
Corporate Notes	36,296,842	A	21,493,625	14,803,217	-	-	-
Commercial Paper	18,970,884	A1/P1	-	-	-	18,970,884	-
Negotiable Certificates of Deposit	4,999,831	N/A	-	-	-	-	4,999,831
Money Market Mutual Funds	12,656,772	AAA	12,656,772	-	-	-	-
Total	<u>\$213,820,300</u>		<u>\$34,150,397</u>	<u>\$89,377,306</u>	<u>\$ -</u>	<u>\$18,970,884</u>	<u>\$71,321,713</u>

**E. Investments in Local Agency Investment Funds**

The Local Agency Investment Fund (LAIF), is a voluntary program created by state statute in 1977 as an investment alternative for California's local governments and special districts. Under the direction of the State Treasurer's Office and audited by the Bureau of State Audits, the program offers local agencies the opportunity to participate in a major portfolio. The fair value for the City's position in LAIF is the same as the value of the pooled shares.

The City's investments with LAIF at June 30, 2015, included a small portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

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

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 2 - CASH AND INVESTMENTS, continued**

Asset-Backed Securities – generally mortgage-backed securities which 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 CMOs) or credit card receivables.

As of June 30, 2015, the City had \$66,321,882 invested in LAIF, which has invested 2.08% of the pool investments funds in medium and short-term Structured Notes and Asset-Backed Securities. The City valued its investment in LAIF as of June 30, 2015 by multiplying the City's account balance with a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of 1.000375979.

**NOTE 3 – LOANS RECEIVABLE**

At June 30, 2015, the City's outstanding loans receivables net of allowances were as follows:

\$ 8,506,193	City loans recorded in the Special Revenue Fund, Community Development, are for the HOME Partnership Program (HOME). HOME is a U.S. Housing and Urban Development program administered by the California Department of Housing and Community Development (HCD). The City uses HOME funds to operate an acquisition and rehabilitation loan program. The loans are made to owners of rental properties that agree to restrict the rent of the HOME-assisted units to low and moderate income families and to provide assistance to first-time homebuyers.
\$ 1,477,304	City loans recorded in the Special Revenue Fund, Community Development, are for the Community Development Block Grant (CDBG) and Rental Rehabilitation Program (RRP). In the past, the City operated CDBG and RRP, even though the City no longer receives funding under these programs the borrowers are repaying the existing loan balances. Repayments are used to carry out CDBG and RRP eligible activities.
\$ 6,802,869	Successor Housing loans recorded in the Special Revenue Funds are for the Neighborhood Conservation Program (NCP), the purpose of which is to provide a pool of loan funds to encourage investor-owners and owner-occupants to improve the lower income neighborhoods of the City and further equal opportunity in housing. Loans ranging in amounts from \$1,000 to \$45,000 per unit, are offered at 3% interest, and may be amortized over 15 years. The loans are secured by property. Loans to households with very low incomes may be deferred until such time that household income becomes sufficient to repay the loan; the deferred loan will become fully amortized at 3% interest. Deferred loans may also be made to low-income households on fixed incomes. The amount of loans in arrears is \$35,112.
\$ 12,676,690	The Successor Housing Equity loans recorded in the Special Revenue Funds are for primary financing to obtain blighted property. The loan amounts and terms may vary depending on the amounts needed to acquire and improve the property. The loans are offered at 0% interest, with the total payment deferred until the end of the term and are secured by the property.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 3 – LOANS RECEIVABLE, continued**

- \$ 668,403      The Successor Housing Down Payment loans recorded in the Special Revenue Funds are for assisting low income families with their down payment and closing costs. There are two types of loans. The first type is given in coordination with a Mortgage Credit Certificate (MCC) for a maximum amount of \$15,000 deferred for five years, and repaid over ten years at an interest rate of 5%. The loan is not secured against the property. The second type has no other assistance for a maximum amount of \$10,000 deferred for five years, and repaid over fifteen years at an interest rate of 5%. The amount of loans in arrears is \$19,550.
- \$ 1,064,040      The Successor Housing Shared Equity loans are recorded in the Special Revenue funds for expanding homeownership opportunities to low and moderate-income households. The amount borrowed is the minimum needed to close the gap between lender requirements and buyer's cash for down payment assistance and/or closing costs. Qualified homebuyers may receive up to \$50,000 or 20% of the purchase price (whichever is less) towards the purchase of a home located in Vacaville. The deferred loan terms are 45 years at zero interest with no payments required during that time as long as the homebuyer does not sell, transfer ownership, rent the property, refinance it with cash back, or prepay the loan with any other funds. The loan will be forgiven if the borrower remains in the home for the full 45 year loan term. There is a 45 year Resale Restriction Agreement that will be recorded against the property. The City will hold an option to purchase the home at a restricted sales price to keep the home affordable for another buyer.
- \$ 309,710      A loan receivable was recorded in the Special Revenue Fund, Housing Assistance, for the CalHome Program. The purpose of the program is to provide assistance in the form of a deferred payment loan to eligible households in purchasing their first home. Qualified homebuyers may receive a maximum loan amount of \$50,000. The loan term is a minimum 30-year deferred payment loan at 0% interest with the principal due and payable at year 30.
- \$ 3,357,518      A loan receivable was recorded in the Successor Housing Special Revenue Fund from Rocky Hill Investors, L.P. for phase one of the Callen Street/Bennett Hill Court Housing Project. Phase one of the project involves the acquisition and rehabilitation of sixty-four affordable rental units on Bennett Hill Court and Rocky Hill Road. The term of the promissory note is fifty-five years at 1% interest. The developer shall make annual payments of principal and interest in the amount of fifty percent of residual receipts.
- \$ 799,765      City loans recorded in the Special Revenue Fund, Neighborhood Stabilization Program (NSP), are for a first time homebuyer loan program. The program is designed to provide assistance to eligible homebuyers in purchasing foreclosed homes located within the program's eligible area. The program provides this assistance in the form of a shared equity, deferred payment, second priority loan to reduce the gap between the purchase price and closing costs of affordable housing units that will be occupied by the homebuyers. The term of each loan shall be for a maximum of 15 years. If the borrower remains in the home for the full term of the affordability period the loan is forgiven.
- \$ 4,620,000      A loan receivable was recorded in the Successor Housing Special Revenue Fund from Callen Street Investors, L.P. for phase two of the Callen Street/Bennett Hill Court Housing Project. Phase two includes the acquisition and rehabilitation/new construction of 66 rental units on Callen Street. The term of the promissory note is fifty-five years at 1% interest. The developer shall make annual payments of principal and interest in the amount of fifty percent of residual receipts with the first payment due and payable on May 1, 2018.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 3 – LOANS RECEIVABLE, continued**

\$ 300,000	A loan receivable has been recorded in the Special Revenue Fund for a loan provided to Vacaville Social Services Corporation, a nonprofit corporation, which operates the Opportunity House homeless shelter in Vacaville. The \$300,000 loan will be used for construction improvements at the site where the shelter will be relocated and expanded. The loan will carry a simple interest rate of 3% and will be repaid on the date on which the earlier of the following events occur: within 60 days of the borrower obtaining title to the property and replacing the loan with other approved financing, one year from the effective date, or upon a default.
<u>\$ 1,455,000</u>	A loan receivable was recorded in the Successor Housing Special Revenue Funds from Vacaville Community Housing, a non-profit corporation. The loan is secured by multi-family housing units at 0% interest and the total payment is deferred until the year 2025.
<u>\$ 42,037,492</u>	Total City loans receivable

For governmental activities, the City recorded an allowance for delinquent and forgivable loans of \$2,276,316.

At June 30, 2015, the Private Purpose Trust Fund Successor Agency's outstanding loans receivables were as follows:

\$ 2,364,740	A loan receivable was recorded in the former Redevelopment Agency Debt Service Fund from Vacaville Community Housing, a non-profit corporation. The loan is secured by multi-family housing units at 0% interest and the payment is deferred until the year 2025.
\$ 1,630,143	In 2002, the former Vacaville Redevelopment Agency entered into an agreement with the Vacaville Library District to loan \$3,895,000 to finance the construction of a new Vacaville Library branch located in the Downtown Project Area. A loan receivable was recorded in the amount of \$3,895,000 in the former Redevelopment Agency Capital Projects Fund. Upon dissolution of the Redevelopment Agency, the loan was transferred into the Successor Agency. The loan will be repaid by Fiscal Year 2031/2032 with interest rates ranging from 4% to 7%.
\$ 1,179,263	The former Redevelopment Agency Downtown Rehabilitation loans recorded in the Capital Projects Funds are for façade improvements and historic district building loans. Façade improvement loans are fully amortized for 15-year terms at 1% interest with a \$20,000 maximum loan per standard building street frontage. Façade improvements may include a complete renovation, signage, exterior lighting, landscaping, painting and awnings. Historic district building loans are fully amortized for 25-year terms at 3% interest with a maximum loan amount of \$135,000. Historic district building loans for tenant improvements and other non-seismic related costs require 50% matching funds contributed by the borrower, which may include private funds as well as loans made through the façade improvement loan program. Borrowers are not required to match funds on seismic upgrades. These loans may be assumable on a case by case basis.
<u>\$ 5,174,146</u>	Total Private Purpose Trust Fund Successor Agency loans receivable

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 4 – OPERATING LEASES**

The City has entered into a five year lease for maintenance and related supplies for copiers, printers and fax machines used throughout the City. The lease began on May 1, 2004 and has been extended to December 2015. The lease may be renewed on a month-to-month basis upon termination of the lease. Annual minimum payments under the lease are \$197,366.

**NOTE 5 - CAPITAL ASSETS**

**Government-Wide Financial Statements**

**A. Summary**

The following is a summary of capital assets as of June 30, 2015:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Non-Depreciable Assets:			
Land	\$ 188,558,105	\$ 10,607,260	\$ 199,165,365
Land held for development	-	-	-
Construction in progress	<u>7,858,508</u>	<u>20,512,229</u>	<u>28,370,737</u>
Total	<u>196,416,613</u>	<u>31,119,489</u>	<u>227,536,102</u>
Depreciable Assets:			
Buildings & improvements	55,667,597	344,748,108	400,415,705
Land improvements	50,184,531	-	50,184,531
Equipment	7,968,163	10,496,440	18,464,603
Vehicles	12,300,383	5,427,850	17,728,233
Software	365,478	-	365,478
Infrastructure	<u>326,527,911</u>	<u>100,016,777</u>	<u>426,544,688</u>
	453,014,063	460,689,175	913,703,238
Less accumulated depreciation	<u>(233,445,302)</u>	<u>(136,939,197)</u>	<u>(370,384,499)</u>
Total depreciable assets, net	<u>219,568,761</u>	<u>323,749,978</u>	<u>543,318,739</u>
Total capital assets, net	<u>\$ 415,985,374</u>	<u>\$ 354,869,467</u>	<u>\$ 770,854,841</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 5 – CAPITAL ASSETS, continued**

**B. Governmental Activities**

The following is a summary of capital assets for governmental activities:

	Balance					Balance
	July 1, 2014	Additions	Disposals	Transfers	Reclassification	June 30, 2015
<b>Non-Depreciable Assets:</b>						
Land	\$ 199,155,711	\$ -	\$ (11,587,792)	\$ 990,186	\$ -	\$ 188,558,105
Land held for development	990,186	-	-	(990,186)	-	-
Construction in progress	7,343,223	2,535,571	(66,715)	(1,953,571)	-	7,858,508
Total	<u>207,489,120</u>	<u>2,535,571</u>	<u>(11,654,507)</u>	<u>(1,953,571)</u>	<u>-</u>	<u>196,416,613</u>
<b>Depreciable Assets:</b>						
Buildings & improvements	54,560,393	1,483,699	(732,145)	1,183,549	(827,899)	55,667,597
Land improvements	-	180,084	-	14,043	49,990,404	50,184,531
Equipment	7,433,396	749,578	(214,811)	-	-	7,968,163
Vehicles	11,119,188	1,091,720	(638,613)	728,088	-	12,300,383
Software	365,478	-	-	-	-	365,478
Infrastructure	371,640,338	4,050,078	-	-	(49,162,505)	326,527,911
Total	<u>445,118,793</u>	<u>7,555,159</u>	<u>(1,585,569)</u>	<u>1,925,680</u>	<u>-</u>	<u>453,014,063</u>
<b>Less accumulated depreciation for:</b>						
Buildings & improvements	(20,475,784)	(1,359,526)	333,789	-	101,767	(21,399,754)
Land improvements	-	(1,244,561)	-	-	(35,704,783)	(36,949,344)
Equipment	(5,363,517)	(573,618)	214,812	-	-	(5,722,323)
Vehicles	(8,272,617)	(594,748)	638,613	27,891	-	(8,200,861)
Software	(31,749)	(36,788)	-	-	-	(68,537)
Infrastructure	(189,200,607)	(7,506,892)	-	-	35,603,016	(161,104,483)
Total	<u>(223,344,274)</u>	<u>(11,316,133)</u>	<u>1,187,214</u>	<u>27,891</u>	<u>-</u>	<u>(233,445,302)</u>
Total depreciable assets, net	<u>221,774,519</u>	<u>(3,760,974)</u>	<u>(398,355)</u>	<u>1,953,571</u>	<u>-</u>	<u>219,568,761</u>
Governmental activities capital assets, net	<u>\$ 429,263,639</u>	<u>\$ (1,225,403)</u>	<u>\$ (12,052,862)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 415,985,374</u>

Assets transferred between governmental and business-type activities were fully depreciated assets. The City added a new asset class, Land improvements, to classify non-moveable improvements to land that have a limited useful life, such as soundwalls, landscaping, and bikepaths. These assets which were previously recorded under Buildings & improvements and Infrastructure were moved to the new asset class and are included in the Reclassification column in the table above.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 5 – CAPITAL ASSETS, continued**

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 606,171
Public safety	1,136,031
Public works	8,946,688
Community services	569,425
Housing	<u>57,818</u>
Total Government activities depreciation expense	<u>\$ 11,316,133</u>

Internal service fixed assets included in general governmental activities at June 30, 2015 were \$1,481,291 (net depreciable value) with related depreciation expense of \$351,645.

**Fund Financial Statements**

The fund financial statements do not present general government activities capital assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 5 – CAPITAL ASSETS, continued**

**C. Business-type Activities**

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2014	Additions	Disposals	Transfers	Balance June 30, 2015
<b>Non-Depreciable Assets:</b>					
Land	\$ 10,607,260	\$ -	\$ -	\$ -	\$ 10,607,260
Construction in progress	75,747,455	4,629,839	-	(59,865,065)	20,512,229
Total	<u>86,354,715</u>	<u>4,629,839</u>	<u>-</u>	<u>(59,865,065)</u>	<u>31,119,489</u>
<b>Depreciable Assets:</b>					
Buildings & improvements	275,391,396	9,748,024	-	59,608,688	344,748,108
Equipment	11,007,931	31,783	(658,604)	115,330	10,496,440
Vehicles	4,851,467	624,727	(76,235)	27,891	5,427,850
Infrastructure	98,069,750	1,805,980	-	141,047	100,016,777
Total	<u>389,320,544</u>	<u>12,210,514</u>	<u>(734,839)</u>	<u>59,892,956</u>	<u>460,689,175</u>
<b>Less accumulated depreciation for:</b>					
Buildings & improvements	(92,568,512)	(7,446,223)	-	-	(100,014,735)
Equipment	(4,437,886)	(879,892)	658,604	-	(4,659,174)
Vehicles	(3,525,298)	(300,077)	76,235	(27,891)	(3,777,031)
Infrastructure	(26,515,979)	(1,972,278)	-	-	(28,488,257)
Total	<u>(127,047,675)</u>	<u>(10,598,470)</u>	<u>734,839</u>	<u>(27,891)</u>	<u>(136,939,197)</u>
Total depreciable assets, net	<u>262,272,869</u>	<u>1,612,044</u>	<u>-</u>	<u>59,865,065</u>	<u>323,749,978</u>
Business-type activities capital assets, net	<u>\$ 348,627,584</u>	<u>\$ 6,241,883</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,869,467</u>

Assets transferred between governmental and business-type activities were fully depreciated assets.

During fiscal year ended June 30, 2015 capitalized interest of \$158,606 was included in Construction in Progress.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 5 – CAPITAL ASSETS, continued**

Depreciation expense was charged to functions as follows:

Business-type activities:	
Sewer	\$ 6,786,716
Water	2,571,626
Transit	<u>1,240,128</u>
Total Business-type activities depreciation expense	<u>\$ 10,598,470</u>

Vehicle and equipment replacement assets in the amount of \$1,970,487 (net depreciable value) are included in Business-type activities. At June 30, 2015 depreciation expense for these assets totaled \$268,919. The assets of the vehicle and equipment replacement fund are included in the Business-type activities because the enterprise funds are the predominant participants of the Internal service fund.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 6 – LONG-TERM LIABILITIES**

**A. Long-Term Liabilities**

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

	Balance 6/30/2014	Additions	Reductions	Balance 6/30/2015	Due Within One Year
<b>Governmental Activities:</b>					
Loans Payable	\$ 810,000	\$ -	\$ 67,500	\$ 742,500	\$ 742,500
Capital Lease Obligations	10,093,165	6,000,000	1,116,867	14,976,298	1,212,379
Compensated Absences	9,262,370	8,393,302	7,508,920	10,146,752	809,040
Net Pension Liability	155,438,309	40,709,919	61,655,162	134,493,066	-
Net OPEB Obligation	10,018,324	9,439,760	5,580,779	13,877,305	-
Governmental activities long-term liabilities	<u>\$ 185,622,168</u>	<u>\$ 64,542,981</u>	<u>\$ 75,929,228</u>	<u>\$ 174,235,921</u>	<u>\$ 2,763,919</u>
<b>Business-Type Activities:</b>					
Loans Payable	\$ 137,072,464	\$ 10,398,348	\$ 4,839,867	\$ 142,630,945	\$ 7,692,023
Capital Lease Obligations	7,226,227	507,647	451,641	7,282,233	451,326
Compensated Absences	943,187	1,173,883	923,898	1,193,172	163,447
Net Pension Liability	32,102,348	5,468,624	6,984,453	30,586,519	-
Net OPEB Obligation	2,665,200	534,043	-	3,199,243	-
Pollution Remediation	1,355,000	-	-	1,355,000	-
Business-Type activities long-term liabilities	<u>\$ 181,364,426</u>	<u>\$ 18,082,545</u>	<u>\$ 13,199,859</u>	<u>\$ 186,247,112</u>	<u>\$ 8,306,796</u>
<b>Private-Purpose Trust:</b>					
Loans Payable	\$ 430,708	\$ -	\$ 146,913	\$ 283,795	\$ 80,113
Bonds Payable	50,531,872	-	2,367,790	48,164,082	2,127,870
Private-Purpose trust long-term liabilities	<u>\$ 50,962,580</u>	<u>\$ -</u>	<u>\$ 2,514,703</u>	<u>\$ 48,447,877</u>	<u>\$ 2,207,983</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

**Activity**

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
<b>Loans Payable:</b>					
Brazelton Family Living Trust	\$ 135,000	\$ -	\$ 67,500	\$ 67,500	\$ 67,500
Grindstaff Family Trust	168,750	-	-	168,750	168,750
Spencer Family Trust	168,750	-	-	168,750	168,750
Robert H. Power Trust	168,750	-	-	168,750	168,750
Michael/Jane Gonzalez Rev. Trust	168,750	-	-	168,750	168,750
Total Loans Payable	810,000	-	67,500	742,500	742,500
<b>Capital Lease Obligations:</b>					
Vacaville Recreation Corporation	1,652,933	-	112,306	1,540,627	118,052
Westamerica Bank	80,992	-	80,992	-	-
Banc of America Leasing	303,047	-	148,414	154,633	154,633
Westamerica Bank	194,082	-	62,100	131,982	64,659
Westamerica Bank	104,540	-	24,526	80,014	25,569
Westamerica Bank	42,845	-	42,845	-	-
Westamerica Bank	119,369	-	39,055	80,314	39,785
Holman Corporation	539,710	-	160,700	379,010	165,411
Dell Financial Services	63,054	-	63,054	-	-
PNC, LLC	6,992,593	-	382,875	6,609,718	335,186
Holman Corporation	-	6,000,000	-	6,000,000	309,084
Total Capital Lease Obligations	10,093,165	6,000,000	1,116,867	14,976,298	1,212,379
Total long-term debt	\$ 10,903,165	\$ 6,000,000	\$ 1,184,367	\$ 15,718,798	\$ 1,954,879

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

The following is a description of long-term debt issues, along with the amount of original debt issuance:

**Loans Payable:**

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2015</u>	
\$ 675,000	\$ 67,500	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Principal and interest payments are due annually at a rate of 5.50%, due May 2016. Each installment includes principal of \$67,500 plus applicable interest on the unpaid balance. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
\$ 168,750	\$ 168,750	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Interest payments are due annually at a rate of 5.50% (\$9,281) through May 2016 and principal of \$168,750 is due May 2016. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
\$ 168,750	\$ 168,750	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Interest payments are due annually at a rate of 5.50% (\$9,281) through May 2016 and principal of \$168,750 is due May 2016. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
\$ 168,750	\$ 168,750	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Interest payments are due annually at a rate of 5.50% (\$9,281) through May 2016 and principal of \$168,750 is due May 2016. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
\$ 168,750	<u>\$ 168,750</u>	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Interest payments are due annually at a rate of 5.50% (\$9,281) through May 2016 and principal of \$168,750 is due May 2016. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
	<u>\$ 742,500</u>	Total loans payable

The annual requirement to amortize debt outstanding as of June 30, 2015 for loans payable is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 742,500	\$ 40,849	\$ 783,349
Total	<u>\$ 742,500</u>	<u>\$ 40,849</u>	<u>\$ 783,349</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

**Capital Lease Obligations:**

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2015</u>	
\$ 2,626,700	\$ 1,540,627	Sublease agreement with Vacaville Recreation Corporation (Corporation) and Agency. The Agency entered into an agreement, option to purchase and right of first refusal with the Corporation for the in-line/multi-purpose portion of the Vacaville Skating Center. Pursuant to a separate sublease agreement between the City and Agency, the City agreed to assume all rights and responsibilities of the Agency under the lease agreement. In the event of the City's inability to pay the sublease, the Agency is obligated to pay the Corporation the lease payments. The City also assumed the option to purchase the subleased premises for one dollar at the expiration of the term of the sublease or prepayment in full of the sublease payments. This sublease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid monthly through September 2025. Lease payments are funded through the Parks and Recreation Capital Projects Fund.
\$ 703,100	\$ -	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for two Type I Fire Engines at a total cost of \$703,100 with an interest rate of 3.65% with an option to purchase. The lease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid annually through July 2014. Lease payments are funded through the City's Government Vehicle Replacement Fund.
\$ 1,280,000	\$ 154,633	Lease agreement between the City and Banc of America Leasing & Capital and Deutsche Bank National Trust Company for the lease of a ladder truck, brush unit, and backhoe with an estimated cost of \$1,280,000 with an option to purchase. The lease qualifies as a capital lease for accounting purposes and has been recorded as a liability at the present value of the future minimum lease payments. Lease payments will be paid annually through November 2015. Lease payments are funded through the City's Government Vehicle Replacement Fund.
\$ 587,036	\$ 131,982	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for a brush unit, a backhoe, an asphalt grinder, and a shared interest (1/3) in a four-yard loader at an estimated cost of \$587,036 with an interest rate of 4.12%. The lease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid annually through November 2016. Lease payments are funded through the City's Gas Tax and General Funds.
\$ 239,500	\$ 80,014	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for the purchase of a patch truck and chipper at an estimated cost of \$239,500 with an interest rate of 4.25%. The lease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid annually through November 2017. Lease payments are funded through the City's Gas Tax and General Funds.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 6 – LONG-TERM LIABILITIES, continued**

\$ 163,000	\$ -	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for the purchase of 5 police patrol cars at an estimated cost of \$163,000 with an interest rate of 3.45%. The lease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid annually through September 2014. Lease payments are funded through the City's Government Vehicle Replacement Fund.
\$ 160,656	\$ 80,314	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for the purchase of 5 police motorcycles at an estimated cost of \$160,656 with an interest rate of 1.87%. The lease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid annually through December 2016. Lease payments are funded through the City's General Fund.
\$ 810,000	\$ 379,010	Lease agreement between the City and Holman Capital Corporation for telecommunication equipment installed throughout the City at an estimated cost of \$810,000 with an interest rate of 2.90%. Lease payment will be paid quarterly through August 2017. Lease payments are funded through the Technology Replacement Internal Service Fund.
\$ 77,217	\$ -	Lease agreement between the City and Dell Financial Services for computer network servers at an estimated cost of \$77,217 with an interest rate of 3.60%. Lease payment will be paid monthly through September 2018. Lease payments are funded through the Technology Replacement Internal Service Fund.
\$ 6,993,972	\$6,609,718	Lease agreement between the City and PNC, LLC for facility improvement projects in progress throughout the City at an estimated cost of \$6,993,972 with an interest rate of 3.10%. Lease payment will be paid semi-annually beginning February 2014 through August 2026. Lease payments are funded through energy cost savings in the General Fund, Gas Tax and Special Revenue Maintenance Districts Funds.
\$ 6,000,000	<u>\$6,000,000</u>	Lease agreement between the City and Holman Capital Corporation, for the construction of Fire Station 75 at an estimated cost of \$6,000,000 with an interest rate of 3.55%. Lease payment will be paid semi-annually beginning October 2015 through April 2030. Lease payments are funded through the Community Benefit District Fund.
	<u>\$14,976,298</u>	Total capital lease obligations

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 6 – LONG-TERM LIABILITIES, continued**

The annual requirement to amortize debt outstanding as of June 30, 2015 for capital lease obligations is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,212,379	\$ 506,601	\$ 1,718,980
2017	1,136,047	463,236	1,599,283
2018	975,623	424,698	1,400,321
2019	976,498	390,947	1,367,445
2020	1,037,439	356,379	1,393,818
2021-2025	6,061,743	1,136,574	7,198,317
2026-2030	<u>3,576,569</u>	<u>272,113</u>	<u>3,848,682</u>
Total	<u>\$ 14,976,298</u>	<u>\$ 3,550,548</u>	<u>\$ 18,526,846</u>

The assets acquired through capital leases are as follows:

Buildings & Improvements	\$ 4,706,721
Equipment	4,154,408
Construction in Progress	794,197
Less: Accumulated depreciation	<u>(3,042,055)</u>
Total	<u>\$ 6,613,271</u>

The outstanding capital lease obligations exceeds the assets acquired through capital lease because of the inclusion of the debt for Fire Station #75, which is in the beginning stages of construction. Another factor contributing to the capital lease obligation exceeding the assets is the lease obligation for the Siemens Energy Efficiency. Some of the projects did not meet our threshold for capitalization and therefore are not included in the assets acquired through capital leases.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

**B. Business-Type and Proprietary Fund Long-Term Debt**

**Activity**

The following is a summary of changes in the business-type and proprietary fund long-term liabilities at June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
State Revolving Loans Payable:					
Interim Renovation	\$ 456,497	\$ -	\$ 59,938	\$ 396,559	\$ 61,616
Tertiary Project	87,935,872	10,398,348	1,290,956	97,043,264	4,047,232
Plant Expansion	<u>48,680,095</u>	<u>-</u>	<u>3,488,973</u>	<u>45,191,122</u>	<u>3,583,175</u>
Total Easterly Wastewater Treatment Plant	<u>137,072,464</u>	<u>10,398,348</u>	<u>4,839,867</u>	<u>142,630,945</u>	<u>7,692,023</u>
Capital Lease Obligations:					
Equipment - 2006 Acquisition	15,948	-	7,811	8,137	8,137
Equipment - 2007 Acquisition	115,786	-	37,048	78,738	38,574
Equipment - 2009 Acquisition	101,899	-	23,907	77,992	24,922
Energy Efficiency Project	6,992,594	-	382,875	6,609,719	335,186
Holman Corporation - 2014 Acquisition	<u>-</u>	<u>507,647</u>	<u>-</u>	<u>507,647</u>	<u>44,507</u>
Total Capital Lease Obligations	<u>7,226,227</u>	<u>507,647</u>	<u>451,641</u>	<u>7,282,233</u>	<u>451,326</u>
 Total	 <u>\$ 144,298,691</u>	 <u>\$ 10,905,995</u>	 <u>\$ 5,291,508</u>	 <u>\$ 149,913,178</u>	 <u>\$ 8,143,349</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

**State Water Resources Control Board Loan for the Easterly Wastewater Treatment Plant Interim Renovation – Original Issue \$1,104,315**

This loan is a State Revolving Loan Fund Program contract between the State Water Resources Control Board and the City with a maximum loan amount of \$1,104,315 to fund the Easterly Wastewater Treatment Plant Interim Renovation. The loan is due in installments of \$72,720. Principal and interest at 2.8% are paid annually each September through 2021.

The annual debt service requirement on this note is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 61,616	\$ 11,104	\$ 72,720
2017	63,341	9,378	72,719
2018	65,115	7,605	72,720
2019	66,938	5,782	72,720
2020	68,812	3,907	72,719
2021	70,737	1,981	72,718
Total	<u>\$ 396,559</u>	<u>\$ 39,757</u>	<u>\$ 436,316</u>

**State Water Resources Control Board Loan for the Easterly Wastewater Treatment Plant Expansion– Original Issue \$67,786,401**

This loan is a State Revolving Loan Fund Program contract between the State Water Resources Control Board and the City with a maximum loan amount of \$67,786,401 to fund the Easterly Wastewater Treatment Plant Expansion. The loan repayment amounts are due in installments of \$4,803,335 which began in 2006. Principal and interest at 2.7% are paid annually each July through 2025.

The estimated annual debt service requirement on this note is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 3,583,175	\$ 1,220,160	\$ 4,803,335
2017	3,679,921	1,123,415	4,803,336
2018	3,779,278	1,024,057	4,803,335
2019	3,881,319	922,016	4,803,335
2020	3,986,115	817,221	4,803,336
2021-2025	21,604,258	2,412,418	24,016,676
2026	4,677,055	126,280	4,803,335
Total	<u>\$ 45,191,121</u>	<u>\$ 7,645,567</u>	<u>\$ 52,836,688</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 6 – LONG-TERM LIABILITIES, continued**

**State Water Resources Control Board Loan for the Easterly Wastewater Treatment Plant Tertiary Project – Original Issue \$119,632,073**

This loan is a State Revolving Loan Fund Program contract between the State Water Quality Control Board and the City with a maximum loan amount of \$119,632,073 to fund the Easterly Wastewater Treatment Plant Tertiary Project. The project consists of four construction phases. There are four separate financial agreements for each phase as follows:

- Phase 1 – Denitrification Improvements; financial agreement executed on August 23, 2011 for \$33,136,932
- Phase 2 – Laboratory Expansion Improvements; financial agreement executed on October 12, 2011 for \$3,497,000
- Phase 3 – Filtration Improvements; financial agreement executed on October 21, 2011 for \$68,918,141
- Phase 4 – Completion Improvements; financial agreement executed on October 12, 2011 for \$14,080,000

The term of the loan is 20 years with an interest rate of 2.6%. Annual payments will begin following the agreed upon completion date for each individual phase. The City has a contract with C. Overaa & Company for \$22,630,000 to construct the Denitrification Improvements, Phase 1 of the SRF loan. The Denitrification Improvements are required by the Central Valley Regional Water Quality Control Board of the City's National Pollutant Discharge Elimination System Discharge Permit for the Easterly Wastewater Treatment Plant, and by the Time Scheduled Order issued by the same board. Phase 1 of the project was completed in fiscal year 2013-14.

The City currently draws on the SRF loan as work is performed. The City has drawn the following amounts through June 30, 2015 for each phase:

	<u>Available Loan</u>	<u>Amount Drawn</u>	<u>Remaining Loan To Be Drawn</u>
Phase 1 - Denitrification	\$ 33,136,932	\$ (33,136,932)	\$ -
Phase 2 - Lab Expansion	3,497,000	(351,616)	3,145,384
Phase 3 - Filtration Improvements	68,918,141	(64,770,672)	4,147,469
Phase 4 - Completion	14,080,000	(75,000)	14,005,000
	<u>\$ 119,632,073</u>	<u>\$ (98,334,220)</u>	<u>\$ 21,297,853</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

The estimated annual debt service requirement on this note is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,047,230	\$ 2,524,087	\$ 6,571,317
2017	4,557,873	3,208,430	7,766,303
2018	4,913,166	2,853,137	7,766,303
2019	5,040,911	2,725,394	7,766,305
2020	5,171,974	2,594,331	7,766,305
2021-2025	27,948,241	10,883,276	38,831,517
2026-2030	31,775,416	7,056,099	38,831,515
2031-2035	34,886,303	2,728,372	37,614,675
Total	<u>\$ 118,341,114</u>	<u>\$ 34,573,126</u>	<u>\$ 152,914,240</u>

The debt service requirement includes scheduled principal and interest payments for the total amount of the loans although the entire loan amount has not been drawn upon. A principal payment in the amount of \$1,290,956 was made during fiscal year 2015 for Phase I of the project.

**Capital Lease Obligations:**

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2015</u>	
\$ 70,000	\$ 8,137	Lease agreement between the City and Banc of America Leasing & Capital and Deutsche Bank National Trust Company for a water truck with an estimated cost of \$70,000 with an option to purchase. The lease qualifies as a capital lease for accounting purposes and has been recorded as a liability at the present value of the future minimum lease payments. Lease payments will be paid annually through November 2015. Lease payments are funded through the City's Sewer Fund.
\$ 350,214	\$ 78,738	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for a shared interest (2/3) of a four-yard loader, a dump truck and a 30 ton trailer at an estimated cost of \$350,214 with an interest rate of 4.12%. The lease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid annually through November 2016. Lease payments are funded through the City's Sewer and Water Funds.
\$ 233,450	\$ 77,992	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for the purchase of a utility vacuum and a flusher truck at an estimated cost of \$233,450 with an interest rate of 4.25%. The lease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid annually through November 2017. Lease payments are funded through the City's Sewer and Water Funds.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

\$ 6,993,972	\$6,609,719	Lease agreement between the City and PNC, LLC for facility improvement projects in progress throughout the City at an estimated cost of \$6,993,972 with an interest rate of 3.10%. Lease payment will be paid semi-annually beginning February 2014 through August 2026. Lease payments are funded through the City's Water Fund.
\$ 507,647	<u>\$ 507,647</u>	Lease agreement between the City and Holman Corporation for the purchase of a dump truck and vector truck at an estimated cost of \$507,647 with an interest rate of 2.89%. Lease payment will be paid annually through March 2025. Lease payments are funded through the Equipment Replacement Internal Service Fund.
	<u>\$7,282,233</u>	Total capital lease obligations

The annual requirement to amortize debt outstanding as of June 30, 2015 for capital lease obligations is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 451,328	\$ 217,519	\$ 668,847
2017	498,973	202,808	701,781
2018	516,637	186,709	703,346
2019	544,364	170,491	714,855
2020	587,390	153,839	741,229
2021-2025	3,514,999	479,507	3,994,506
2026-2027	<u>1,168,542</u>	<u>35,211</u>	<u>1,203,753</u>
Total	<u>\$ 7,282,233</u>	<u>\$ 1,446,084</u>	<u>\$ 8,728,317</u>

The assets acquired through capital leases are as follows:

Equipment	\$ 656,640
Less: Accumulated depreciation	<u>(316,745)</u>
Total	<u>\$ 339,895</u>

Individual assets purchased for the Energy Efficiency project were below the City's capitalization threshold, therefore were not included in this calculation.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

**C. Compensated Absences**

Compensated absences are due to employees for earned but unused leave balances, including vacation, sick, and compensated time off. Compensated absences are generally liquidated by the City's General Fund, Internal Service Funds and Enterprise Funds in each fiscal year. The following is a summary of the compensated absences liability at the fiscal year ended June 30, 2015:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities	\$ 9,262,370	\$ 8,393,302	\$ 7,508,920	\$ 10,146,752	\$ 809,040
Business Activities	943,187	1,173,883	923,898	1,193,172	163,447
Total	<u>\$ 10,205,557</u>	<u>\$ 9,567,185</u>	<u>\$ 8,432,818</u>	<u>\$ 11,339,924</u>	<u>\$ 972,487</u>

**D. Debt Without City Commitment**

**Special Assessment Debt**

Payment of this debt is secured by valid assessment liens upon certain land within each district and, as such, is not a direct liability of the City. Reserves have been established from the bond proceeds to meet delinquencies should they occur. Neither the faith and credit nor taxing power of the City of Vacaville is pledged to the payment of the bonds; therefore, they are not included in the financial statements. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay those delinquencies out of any other available funds. The City acts solely as an agent for those paying assessments and the bondholders.

The amount of bonds outstanding at June 30, 2015 is as follows:

Description	Original Bond Amount	June 30, 2015
1997 Allison/Ulatis Phase 2	1,140,739	\$ 130,000
1997 Northeast Sector	8,434,307	3,815,000
2002-A Consolidated Refunding	18,365,000	2,630,000
2005-Nut Tree Assessment Dist	7,275,000	5,905,000
Total 1915 Act Limited Obligation Bonds		<u>\$ 12,480,000</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 6 – LONG-TERM LIABILITIES, continued**

**Community Facilities District Bonds**

This \$10,365,000 bond issue was authorized pursuant to the Mello-Roos Community Facilities Act of 1982 as amended, and is payable from special taxes levied on property within the Community Facilities District according to a methodology approved by the voters within the District and by the City Council of the City of Vacaville. Neither the faith and credit nor taxing power of the City of Vacaville is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay the delinquency out of any available funds of the City. The City acts solely as an agent for those paying taxes levied and the bondholders. The bonds were paid in full during fiscal year June 30, 2015.

**Mark-Roos Local Bond Pooling Act Funds**

This \$6,150,000 bond issue was authorized pursuant to the Mark-Roos Local Bond Pooling Act, and is payable from special taxes levied on property within the District according to a methodology approved by the voters within the District and by the City Council of the City of Vacaville. Neither the faith and credit nor taxing power of the City of Vacaville is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay the delinquency out of any available funds of the City. The City acts solely as an agent for those paying taxes levied and the bondholders. The amount of bonds outstanding at June 30, 2015 is \$2,070,000.

**Conduit Debt**

The City has issued multifamily housing revenue bonds to provide funds for the refinancing and rehabilitation of rental housing developments by private developers. The proceeds were used for the following multifamily rental housing projects: The Willows, Orchards/Maples, Quail Run, and The Sycamores Apartments. The bonds are payable solely from loan repayments made by the borrower directly to the bond trustee. Neither the faith and credit nor the taxing power of the City is pledged to the payment of the principal or interest on the bonds.

The amount of bonds outstanding at June 30, 2015 is as follows:

Description	Original Bond Amount	June 30, 2015
Multifamily Revenue Bonds 1988A	10,500,000	\$ 7,100,000
Multifamily Revenue Bonds 1999A	9,600,000	9,600,000
Multifamily Revenue Bonds 2000A	6,945,260	3,979,910
Total Conduit Debt		\$ 20,679,910

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

**Private Purpose Trust Fund - Successor Agency Activity**

**Activity**  
The following is a summary of changes in long-term liabilities for Private Purpose Trust Fund Successor Agency (Agency) activities. Activity for the Successor Agency's fiscal year ended June 30, 2015:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within one year</u>
<b>Loans Payable:</b>					
Beck & Clark Family Trust	\$ 214,940	\$ -	\$ 29,955	\$ 184,985	\$ 32,089
Klotz, Albert & Marita Family Trust	71,545	-	71,545	-	-
Babington, Richard & Carol	<u>144,223</u>	<u>-</u>	<u>45,413</u>	<u>98,810</u>	<u>48,024</u>
Total Loans Payable	<u>430,708</u>	<u>-</u>	<u>146,913</u>	<u>283,795</u>	<u>80,113</u>
<b>Bonds Payable:</b>					
2000A Multifamily Mortgage	1,452,880	-	97,790	1,355,090	102,870
2006 Taxable Housing Bonds	16,410,000	-	475,000	15,935,000	505,000
2006 ABAG Tax Allocation Bonds	1,945,000	-	115,000	1,830,000	120,000
2014 Subordinate Tax Allocation Refunding Bonds	28,090,000	-	1,680,000	26,410,000	1,400,000
2014 Subordinate Tax Allocation Refunding Bonds Premium	<u>2,633,992</u>	<u>-</u>	<u>-</u>	<u>2,633,992</u>	<u>-</u>
Total Bonds	<u>50,531,872</u>	<u>-</u>	<u>2,367,790</u>	<u>48,164,082</u>	<u>2,127,870</u>
Total Long-Term Debt	<u>\$ 50,962,580</u>	<u>\$ -</u>	<u>\$ 2,514,703</u>	<u>\$ 48,447,877</u>	<u>\$ 2,207,983</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

The following is a description of long-term debt issues, along with the amount of original debt issuance:

**Loans Payable:**

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2015</u>	
\$ 475,000	\$ 184,985	Long-term note for the Agency's purchase of .51 acres of downtown property. Principal and interest are paid in semi-annual installments of \$22,243 each March and September including interest at 7.0% through March 1, 2020. Payments of principal and interest are funded by property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).
\$ 742,500	\$ -	Long-term note for the Agency's purchase of 2 acres of downtown property. Principal and interest are paid in quarterly installments of \$24,537 at an annual interest rate of 5.75% through February 1, 2015. Payments of principal and interest are funded by property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).
\$ 400,000	\$ <u>98,810</u>	Long-term note for the Agency's acquisition of 140 Depot Street and 150 Depot Street. Principal and interest are paid in annual installments of \$53,705 each January through January 2017. Payment of principal and interest are funded by property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).
	\$ <u>283,795</u>	Total loans payable

The annual requirement to amortize debt outstanding as of June 30, 2015 for loans payable is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 80,113	\$ 18,079	\$ 98,192
2017	85,160	13,032	98,192
2018	36,823	7,663	44,486
2019	39,445	5,041	44,486
2020	<u>42,254</u>	<u>2,234</u>	<u>44,488</u>
Total	<u>\$ 283,795</u>	<u>\$ 46,049</u>	<u>\$ 329,844</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

**Bonds Payable:**

There are four Bonds payable secured by property tax increments: Series 2000A, 2006 ABAG, 2006 Taxable and 2014 Subordinate Tax Allocation Refunding Bonds. Annual principal and interest payments on the two bonds are expected to require 25% of net revenues. Due to the dissolution of the Redevelopment Agency, these bonds have been transferred to the Successor Agency and we received \$10,563,135 in Redevelopment Property Tax Trust Funds to fund enforceable obligations. Series 2000A and 2006 Taxable are paid by the Low and Moderate Housing fund and therefore not included in the net revenue calculation.

	Principal and Interest	
	Paid	Remaining
2000A Multifamily Mortgage Revenue	\$ 181,785	\$ 1,806,057
2006 ABAG Tax Allocation	194,813	2,349,946
2006 Taxable Housing	1,478,685	26,352,100
2014 Subordinate Tax Allocation Refunding	2,900,962	36,843,922
	\$ 4,756,245	\$ 67,352,025

Original Debt Amount	Outstanding June 30, 2015	
\$18,875,000	\$15,935,000	Taxable Housing Tax Allocation Bonds issued by the Agency for financing redevelopment projects primarily by making loans to qualified 501(c)(3) non-profit corporations in connection with their development of multi-family rental housing in the City of Vacaville. Interest rates range from 5.6% to 7%. Payments of principal and interest are funded by property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).
\$ 2,364,740	\$ 1,355,090	Multifamily Mortgage Revenue Bonds were issued by the Agency to provide financing for Vacaville Community Housing (VCH), a non-profit corporation, to acquire and rehabilitate multifamily rental housing units. The bonds are limited obligations of the Agency and are payable solely from VCH project revenues, certain tax increment revenues, and certain other revenue and pledge funds. The Agency is committed to funding 25.4% of the debt service on the bonds from tax increment revenue during the 30 year life of the bonds, and as such 25.4% of the bond principal has been recorded in the financial statements as an obligation of the Agency. The Agency has an offsetting note receivable from VCH for \$1,455,000, with payments starting in 2025, to be amortized over the following 30 years, to reimburse the Agency for debt service payments advanced on behalf of VCH. Interest rates on the bonds range from 4.78% to 6.00% and the bonds mature in 2025.
\$ 2,660,000	\$ 1,830,000	Tax Allocation Revenue Bonds issued by the Association of Bay Area Governments (ABAG) for financing redevelopment projects, primarily sewer main extension improvements, located in the Redevelopment Agency's I-505/80 project area. Interest rates range from 3.0% to 4.5% and the bonds mature in September 2026. Payments of principal and interest are funded by property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 6 – LONG-TERM LIABILITIES, continued**

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2015</u>	
\$28,090,000	\$26,410,000	Subordinate Tax Allocation Refunding Bonds issued by the Successor Agency to the Redevelopment Agency of the City of Vacaville to prepay 1996, 2000 and 2001 Tax Allocation Bonds outstanding loans payable from tax increment revenue generated in the Vacaville Community Redevelopment Project Area in the I-505/80 Project Area. Interest rates range from 2.0% to 5.0% and the bonds mature in March 2032. Payments of principal and interest are funded by property tax revenues distributed to the former Redevelopment Property Tax Trust Fund (RPTTF).
	<u>\$45,530,090</u>	Total bonds payable

The annual requirement to amortize debt outstanding as of June 30, 2015 for bonds payable is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,127,870	\$ 2,343,079	\$ 4,470,949
2017	2,239,220	2,239,476	4,478,696
2018	2,340,570	2,124,936	4,465,506
2019	2,461,920	1,999,086	4,461,006
2020	2,589,540	1,866,151	4,455,691
2021-2025	13,560,970	7,146,527	20,707,497
2026-2030	13,285,000	3,614,312	16,899,312
2031-2033	6,925,000	488,368	7,413,368
Subtotal	45,530,090	<u>\$ 21,821,935</u>	<u>\$ 67,352,025</u>
Unamortized premium	2,633,992		
Total	<u>\$ 48,164,082</u>		

There are a number of limitations and restrictions contained in the various bond indentures. The Successor Agency believes it is in compliance with the significant limitations and restrictions.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 7 – EMPLOYEE RETIREMENT PLANS**

Pension related balances presented on the Statement of Net Position as of June 30, 2015 by individual plan are described in the following table:

	Deferred Employer Contributions	Deferred Outflows - Pension	Net Pension Liability	Deferred Inflows - Pension
CALPERS Miscellaneous	\$ 4,145,910	\$ 4,433,886	\$ 54,701,058	\$ 10,462,627
CALPERS Safety	7,911,265	8,632,358	80,117,037	11,550,071
PARS	2,102,391	2,463,322	30,261,490	642,313
	<u>\$ 14,159,566</u>	<u>\$ 15,529,566</u>	<u>\$ 165,079,585</u>	<u>\$ 22,655,011</u>

**PENSION PLAN**

**Plan Description**

All qualified permanent and probationary employees are eligible to participate in the Local Government's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1959 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

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

	Safety	Miscellaneous
Benefit vesting schedule	5 years of service	5 years of service
Benefit payment	monthly for life	monthly for life
Earliest retirement age	50	50
Benefit factor for each year of service, as a % of salary	3% at age 50	2% at age 55
Required employee contribution rates	9%	7%
Required employer contribution rates	45.347%	20.921%

On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired after January 1, 2013 who are new to PERS. These employees are termed PEPRA members and employees that were enrolled in PERS (without significant separation) prior to January 1, 2013 are now referred to as classic members. PEPRA miscellaneous members will be enrolled in a 2% at 62 plan and PEPRA safety members will be enrolled in a 2.7% at 57 plan. PEPRA members will be required to pay half the normal cost of their plans.

**Employees Covered**

At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	Safety	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	162	376
Inactive employees entitled to but not yet received benefits	-	-
Active employees	160	310
Total	322	686

**Contributions**

Section 20814(C) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The Total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 6.987 percent of annual pay for the Miscellaneous Plan and 9.053 percent of annual pay for the Safety Plan, and employer contribution rate is 16.959 percent of annual payroll for the Miscellaneous Plan and 39.856 percent of annual payroll for the Safety Plan.

**Net Pension Liability**

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

**Actuarial Assumptions**

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

Actuarial Assumptions:

	Safety	Miscellaneous
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Salary Increases	Varies by Entry Age and Service	
Investment Rate of Return (1)	7.50%	7.50%
Mortality (2)	Derived using CalPERS' Membership Data for all Funds	
Post Retirement Benefit Increase	Contract COLA up to 2.75 until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	

(1) Net of pension plan investment expenses, including inflation.

(2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

**Discount Rate**

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

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

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

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.00%		

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

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

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

**Changes in the Net Pension Liability**

The changes in the Net Pension Liability for each Plan follow:

**Safety Plan**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2014</b>	<u>\$ 236,673,867</u>	<u>\$ 144,554,700</u>	<u>\$ 92,119,167</u>
<b>Changes in the year:</b>			
Service cost	5,523,872	-	5,523,872
Interest on the total pension liability	17,583,301	-	17,583,301
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	7,911,265	(7,911,265)
Contribution - employee	-	1,940,540	(1,940,540)
Investment income	-	25,479,722	(25,479,722)
Administrative expenses	-	(222,224)	222,224
Benefit payments, including refunds of employee contributions	<u>(9,983,580)</u>	<u>(9,983,580)</u>	<u>-</u>
<b>Net changes</b>	<u>13,123,593</u>	<u>25,125,723</u>	<u>(12,002,130)</u>
<b>Balances at June 30, 2015</b>	<u>\$ 249,797,460</u>	<u>\$ 169,680,423</u>	<u>\$ 80,117,037</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

**Changes in the Net Pension Liability**

The changes in the Net Pension Liability for each Plan follow:

**Miscellaneous Plan**

Changes in NPL - Miscellaneous

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2014</b>	<u>\$ 197,148,000</u>	<u>\$ 131,978,055</u>	<u>\$ 65,169,945</u>
<b>Changes in the year:</b>			
Service cost	3,780,586	-	3,780,586
Interest on the total pension liability	14,586,721	-	14,586,721
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	4,145,910	(4,145,910)
Contribution - employee	-	1,856,352	(1,856,352)
Investment income	-	23,028,378	(23,028,378)
Administrative expenses	-	(194,446)	194,446
Benefit payments, including refunds of employee contributions	<u>(9,097,351)</u>	<u>(9,097,351)</u>	<u>-</u>
<b>Net changes</b>	<u>9,269,956</u>	<u>19,738,843</u>	<u>(10,468,887)</u>
<b>Balances at June 30, 2015</b>	<u>\$ 206,417,956</u>	<u>\$ 151,716,898</u>	<u>\$ 54,701,058</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

NPL - Discount rate	Safety	Miscellaneous
1% Decrease	6.50%	6.50%
Net Pension Liability	\$ 116,280,615	\$ 81,868,916
Current Discount Rate	7.50%	7.50%
Net Pension Liability	\$ 80,117,037	\$ 54,701,058
1% Increase	8.50%	8.50%
Net Pension Liability	\$ 50,556,591	\$ 32,092,966

**Pension Plan Fiduciary Net Position**

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

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the City recognized pension expense of \$11,598,555. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 13,066,243	\$ -
Net differences between projected and actual earnings on plan investments	-	(22,012,696)
Total	\$ 13,066,243	\$ (22,012,696)

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

\$13,066,243 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (5,503,174)
2016	(5,503,174)
2017	(5,503,174)
2018	(5,503,174)
2019	-
Thereafter	-

**SUPPLEMENTAL PENSION PLAN**

**PENSION PLAN**

**Plan Description**

The City of Vacaville entered into an agreement with the Public Agency Retirement System Trust (PARS Trust) and Phase II Systems as the Trust Administrator to contribute to a supplemental cost-sharing multiple-employer defined benefit pension plan (Supplemental Plan). The Supplemental Plan provides lifetime supplemental retirement benefits for participants that retire on or after age 50. Death and disability benefits are not covered under the plan. The amount of the supplement is determined based on: length of PERS service; final average compensation; and actuarially determined factors. The cost-of-living adjustment is 2% per year. The Supplemental Plan conforms to the requirements under Internal Revenue Code 401(a) and has received a favorable Letter of Determination from the Internal Revenue Service.

The Supplemental Program is a multiple-employer trust agreement established to provide administrative cost-sharing among public agencies (Member Agencies) and consists of Agency Trusts within the program. Phase II Systems issues a publicly available financial report that includes financial statements and required supplementary information for the program. That report may be obtained by writing to Phase II Systems, 3961 MacArthur Boulevard, Suite 200, Newport Beach, California 92660.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

**Benefits Provided**

PARS provides service retirement benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. The cost of living adjustments for each plan are applied as specified by contract. Death and disability benefits are not covered under the plan.

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

	Miscellaneous
Benefit vesting schedule	5 years of service
Benefit payment	monthly for life
Earliest retirement age	50
Benefit factor for each year of service, as a % of salary	.7% at age 55
Required employee contribution rates	2%
Required employer contribution rates	14.340%

On January 1, 2013, the Public Employee Pension Reform Act (PEPRA) went into effect. This State law applies to employees hired after January 1, 2013. The City updated the Plan to reflect compliance with PEPRA. The Plan has been amended and is closed to all new hires on or after January 1, 2013.

**Employees Covered**

At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	182
Inactive employees entitled to but not yet received benefits	-
Active employees	292
Total	474

**Contributions**

Section 20814(C) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The Total plan contributions are determined through PARS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate is 2.0 percent of annual pay for the Plan, and employer contribution rate is 14.34 percent of annual payroll for the Plan.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

**Net Pension Liability**

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

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

	Miscellaneous
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	3.00%
Salary Increases	Varies by Entry Age and Sex
Investment Rate of Return	7.50%
Mortality	Consistent with the Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.
Post Retirement Benefit Increase	2.00%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50% for the Plan.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses

In determining the long-term expected rate of return, the best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of January 1, 2015.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
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**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Long-Term Arithmetic (a)</u>	<u>Real Return Long-Term Geometric (b)</u>
Cash	2.82%	0.53%	0.53%
Core Fixed Income	39.58%	2.03%	1.90%
Broad US Equities	41.61%	5.64%	4.25%
Developed Foreign Equities	12.33%	6.31%	4.58%
Emerging Market Equities	3.66%	8.56%	5.11%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.76% used for this period.

(b) An expected inflation of 2.74% used for this period.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
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**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

**Changes in the Net Pension Liability**

The changes in the Net Pension Liability for the Plan follow:

**Miscellaneous Plan**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2014</b>	<u>\$ 42,503,553</u>	<u>\$ 12,252,008</u>	<u>\$ 30,251,545</u>
<b>Changes in the year:</b>			
Service cost	1,037,084	-	1,037,084
Interest on the total pension liability	3,183,730	-	3,183,730
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	2,102,393	(2,102,393)
Contribution - employee	-	443,777	(443,777)
Investment income	-	1,731,278	(1,731,278)
Administrative expenses	-	(66,579)	66,579
Benefit payments, including refunds of employee contributions	<u>(2,221,976)</u>	<u>(2,221,976)</u>	<u>-</u>
<b>Net changes</b>	<u>1,998,838</u>	<u>1,988,893</u>	<u>9,945</u>
<b>Balances at June 30, 2015</b>	<u>\$ 44,502,391</u>	<u>\$ 14,240,901</u>	<u>\$ 30,261,490</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

		Miscellaneous
1% Decrease		6.50%
Net Pension Liability	\$	35,594,763
Current Discount Rate		7.50%
Net Pension Liability	\$	30,261,490
1% Increase		8.50%
Net Pension Liability	\$	25,777,139

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued PARS financial report.

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the City recognized pension expense of \$2,754,651. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,463,322	\$ -
Net differences between projected and actual earnings on plan investments	-	(642,313)
Total	\$ 2,463,322	\$ (642,313)

\$2,463,322 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued**

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (160,578)
2016	(160,578)
2017	(160,578)
2018	(160,579)
2019	-
Thereafter	-

**NOTE 8 – POST-EMPLOYMENT HEALTH BENEFITS**

In addition to the pension benefits described in Note 7, the City provides other post-employment benefits (OPEB), in accordance with employee collective bargaining agreements, to all employees who retire from the City on or after attaining age 50 with at least five years of PERS service. For 2015, 360 retirees met those eligibility requirements.

The City contributes a monthly amount to PERS for each retiree, determined by the retiree's employment classification when employed by the City. If the retiree selects health coverage through PERS that has a higher premium than the City's contribution, the balance is deducted from the retiree's monthly PERS pension benefit. The post-retirement health care employer contributions range from \$267 to \$1,858 per month per participant, which covers between 81% and 100% of the benefit costs, depending on the choice of plan and number of dependents. The post employment health care contributions are defined by labor agreements and resolutions approved by the City Council.

In 2010, the City adopted new accounting standard GASB Statement No. 45, Accounting and Financial Reporting by Employers for Post employment Benefits Other Than Pensions – This Statement establishes standards for the measurement, recognition, and display of Other Post-Employment Benefits (OPEB) expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplemental information (RSI) in the financial reports.

**Funding Policy**

In January 2010, the City joined the California Employer's Retiree Benefit Trust Program (CERBT) to pre-fund OPEB liabilities. The CERBT is an agent multiple employer plan consisting of an aggregation of single-employer plans, with pooled administrative and investment functions that are administered by PERS. A copy of the aggregated CERBT annual financial report may be obtained from the PERS office at 400 Q. Street, Sacramento, California 95811.

The City contributes an amount less than the annual required contribution (ARC) of the employer. The ARC is an amount actuarially determined in accordance with the parameters of GASB statement No. 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 over a period not to exceed thirty years. The ARC rate for the fiscal year ended June 30, 2015 was 23.02% of total payroll.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 8 – POST-EMPLOYMENT HEALTH BENEFITS, continued**

**Annual OPEB Cost and Net OPEB Asset**

The City's annual OPEB cost, amount actually contributed to the plan, and changes in the City's net OPEB obligation/asset for the fiscal year ended June 30, 2015, are as follows:

Annual required contribution	\$ 9,974,583
Interest on net OPEB obligation	887,076
Adjustment to annual required contribution	<u>(887,856)</u>
Annual OPEB expense (income)	9,973,803
Contribution made	<u>(5,580,779)</u>
Increase in net OPEB obligation	4,393,024
Net OPEB obligation - beginning of year	<u>12,683,524</u>
Net OPEB obligation - end of year	<u><u>\$ 17,076,548</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal years ended June 30, were as follows:

Fiscal Year	Annual OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	OPEB (Asset) Liability
6/30/2013	\$ 7,601,543	\$ 5,092,983	67.00%	\$ 8,250,473
6/30/2014	\$ 9,548,608	\$ 5,115,557	53.57%	\$ 12,683,524
6/30/2015	\$ 9,973,803	\$ 5,580,779	55.95%	\$ 17,076,548

**Funded Status and Funding Progress**

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year trend information in subsequent years, that will show whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Funding Progress**

Valuation Date	Actuarial Liability	Actuarial Value of Assets	Unfunded Liability (UL)	Funded Status	Valuation Payroll	UL as a % of Payroll
7/1/2013	\$ 105,221,390	\$ 12,288,500	\$ 92,932,890	11.68%	\$ 43,370,992	214.3%

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 8 – POST-EMPLOYMENT HEALTH BENEFITS, continued**

**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 benefits costs between the employer and the 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 calculations.

In the July 1, 2013 actuarial valuation, the entry age normal cost method was used. The actuarial assumption included a 7.00% investment rate of return, an annual healthcare cost trend rate of 8.50% initially and declining to 4.5%, and an inflation factor of 2.50%. The OPEB unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a closed 30-year period.

**NOTE 9 – FUND EQUITY**

***Deficit Fund Balances***

The following fund had a deficit as of June 30, 2015:

Energy Efficiency Siemens Fund

The Energy Efficiency Debt Service Fund has a deficit of (\$175,253) at June 30, 2015. The City entered into a contract with Siemens to perform facility improvements throughout the City. The improvements will produce energy savings for the City which in turn will be used to pay the debt service commitment. Upon completion of the improvements, the operational departments will contribute to the debt service fund.

***Deficit Net Position***

Central Services Fund

The Central Services Internal Service fund has a deficit of (\$6,236,351) at June 30, 2015. Engineering services is a component of Central Services. Engineering services charge capital projects overhead costs based on the allocation rate approved by our cognizant agent. Upon final approval of the allocation rate, the Central Services fund will recover the current deficit. The City is planning to evaluate and recover costs in future years.

Insurance Fund

The Insurance Internal Service fund has a deficit of (\$2,091,214) at June 30, 2015. The City's policy has been to record the insurance liability at 100%. This has resulted in the fund going into a deficit position, because claims expenses have exceeded revenues charged over the past three years. Charges in future periods will be increased over time to recover the current deficit. The City is planning to evaluate and recover costs in future years.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 10 – INTERFUND TRANSACTIONS**

Transfers report the nonreciprocal contribution of resources from one fund to another. The interfund transfers generally are made for the purpose of debt service payments made from a debt service fund but funded from an operating fund or subsidiary transfers, funding for capital projects and re-allocation of special revenues.

The major transfer activity consists of the following: 1) Community Facility Districts transferred \$1,895,273 in property tax to the General Fund to cover costs to maintain the districts; 2) Capital Project Funds transferred \$250,000 to the Energy Efficiency Siemens Debt Service Fund to cover debt payments; 3) General Fund transferred \$500,000 to Building & Street Development for general operations; 4) General Fund transferred \$450,658 to Special Revenue Maintenance Districts to cover costs of maintenance.

The following schedule briefly summarizes the City's transfer activity for the fiscal year ended June 30, 2015:

**Transfers In (fund receiving transfer):**

<b>Transfers Out (fund making transfer):</b>	<b>Special Revenue Fund</b>			<b>Capital Projects Fund</b>		<b>Enterprise Funds</b>		<b>Internal Service</b>	<b>Totals</b>
	General Fund	Successor Housing	Housing Assistance	City Projects	Other Governmental Funds	Sewer Utility	Water Utility	Central Services	
<b>General Fund</b>	\$ -	\$ -	\$ -	\$ 791,883	\$ 1,179,678	\$ -	\$ -	\$ 235,807	\$ 2,207,368
<b>Special Revenue Funds:</b>									
Housing Assistance	-	-	2,571	-	-	-	-	-	2,571
<b>Capital Projects Funds:</b>									
City Projects	-	-	-	-	250,000	8,194	16,387	5,000	279,581
<b>Other Governmental Funds:</b>	1,897,941	245,000	-	76,416	188,374	-	-	-	2,407,731
<b>Enterprise Funds:</b>									
Sewer Utility	-	-	-	-	-	-	-	7,500	7,500
Water Utility	-	-	-	11,301	-	-	-	7,500	18,801
<b>Internal Service Funds:</b>									
Vehicle Replacement	-	-	-	-	-	41,179	33,431	-	74,610
Central Services	-	-	-	-	1,572	-	-	-	1,572
<b>Totals</b>	<b>\$ 1,897,941</b>	<b>\$ 245,000</b>	<b>\$ 2,571</b>	<b>\$ 879,600</b>	<b>\$ 1,619,624</b>	<b>\$ 49,373</b>	<b>\$ 49,818</b>	<b>\$ 255,807</b>	<b>\$ 4,999,734</b>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
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**NOTE 10 – INTERFUND TRANSACTIONS, continued**

**Due To/Due From Other Funds:**

<b>Due From Other Funds</b>	<b>Due to Other Funds</b>			
	<b>(fund receiving loan):</b>			
<b>(fund making loan):</b>	<b>Central Services</b>	<b>Energy Efficiency</b>	<b>Transit</b>	<b>Total</b>
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
General	\$ -	\$ 175,253	\$ -	\$ 175,253
Insurance	534,306	-	-	534,306
Sewer	-	-	225,425	225,425
	<u>\$ 534,306</u>	<u>\$ 175,253</u>	<u>\$ 225,425</u>	<u>\$ 934,984</u>

**Advances To/Advances From Other Funds:**

<b>Advances To Other Funds</b>	<b>City Projects</b>				
	<b>Capital</b>				
<b>(fund making loan):</b>	<b>General Fund</b>	<b>Projects Fund</b>	<b>Sewer Utility</b>	<b>Water Utility</b>	<b>Total</b>
	<u>                    </u>				
<b>General Fund:</b>					
General Fund	\$ -	\$ -	\$ 133,646	\$ -	\$ 133,646
Total General Fund	<u>-</u>	<u>-</u>	<u>133,646</u>	<u>-</u>	<u>133,646</u>
<b>Enterprise Funds:</b>					
Sewer Utility	202,815	615,665	-	100,000	918,480
Water Utility	-	1,231,331	-	-	1,231,331
Total Enterprise	<u>202,815</u>	<u>1,846,996</u>	<u>-</u>	<u>100,000</u>	<u>2,149,811</u>
Total	<u>\$ 202,815</u>	<u>\$ 1,846,996</u>	<u>\$ 133,646</u>	<u>\$ 100,000</u>	<u>\$ 2,283,457</u>

The advances to/from consists of the following: The City Capital Projects Fund loaned Water and Sewer Utility Enterprise loans were for: 1) Parks and Recreation infrastructure in the amount of \$1,026,583; 2) Construction of a fire station in the amount of \$896,652, and 3) the purchase of 2 two ambulances in the amount of \$449,482. The General fund loaned the Sewer fund \$282,833 for the purchase of a vactor truck.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 11 – UNEARNED REVENUE**

Unearned revenues in the government-wide financial statements as of June 30, 2015 were as follows:

	Governmental Activities	Business-Type Activities	Total	Fiduciary Funds
Cal Home Grant	\$ 452,035	\$ -	\$ 452,035	\$ -
General services and recreation revenue	376,376	-	376,376	-
Community Facilities District	1,491,556	-	1,491,556	-
Community Development Block Grant	51,605	-	51,605	-
GWTP Closure	-	32,335	32,335	-
Water utility revenue	-	97,379	97,379	-
Harbison maintenance reserve	-	-	-	19,946
Total	<u>\$ 2,371,572</u>	<u>\$ 129,714</u>	<u>\$ 2,501,286</u>	<u>\$ 19,946</u>

Unearned revenues in the fund financial statements as of June 30, 2015 were as follows:

	<u>Major Governmental Funds</u>			<u>Proprietary Funds</u>		<u>Fiduciary Funds</u>	
	<u>General</u>	<u>Housing Assistance</u>	<u>Other Governmental Funds</u>	<u>Sewer Utility</u>	<u>Water Utility</u>	<u>Total</u>	<u>Successor Agency</u>
General services and recreation revenue	\$ 376,376	\$ -	\$ -	\$ -	\$ -	\$ 376,376	\$ -
Housing grant	-	452,035	51,605	-	-	503,640	-
Community Facilities District	-	-	1,491,556	-	-	1,491,556	-
Mariani GWTP closure	-	-	-	32,335	-	32,335	-
Water utility revenue	-	-	-	-	97,379	97,379	-
Harbison maintenance reserve	-	-	-	-	-	-	19,946
	<u>\$ 376,376</u>	<u>\$ 452,035</u>	<u>\$ 1,543,161</u>	<u>\$ 32,335</u>	<u>\$ 97,379</u>	<u>\$ 2,501,286</u>	<u>\$ 19,946</u>

The following amounts and descriptions are included in unearned revenue in the fund financial statements:

- \$ 1,491,556 Community Facilities District Fees for the Opportunity Hill project for the next 21 years.
- \$ 452,035 Cal Home grant funds received in advance for first time home buyer loans.
- \$ 557,695 Various grants and fees for governmental and business type funds.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 12 – CLASSIFICATION OF FUND BALANCES**

As of June 30, 2015, classifications of fund balance are as follows:

Fund Balance:	<u>General</u>	<u>Successor Housing</u>	<u>Housing Assistance</u>	<u>City Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Nonspendable</b>						
Loans and long-term receivables	\$ 3,051,767	\$ -	\$ -	\$ -	\$ -	\$ 3,051,767
Advances to other funds	133,646	-	-	-	-	133,646
Due from RDA Successor Agency	-	-	-	-	-	-
Subtotal	<u>3,185,413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,185,413</u>
<b>Restricted</b>						
Grants	-	-	-	123,925	11,475,831	11,599,756
Donor specified use	101,514	-	-	-	-	101,514
Highway and streets	-	-	-	4,031,265	4,109,955	8,141,220
Park maintenance	-	-	-	-	1,114,025	1,114,025
Community facility district	-	-	-	-	102,524	102,524
Housing	-	31,274,583	1,289,180	-	-	32,563,763
Capital projects	-	-	-	-	4,818,693	4,818,693
Subtotal	<u>101,514</u>	<u>31,274,583</u>	<u>1,289,180</u>	<u>4,155,190</u>	<u>21,621,028</u>	<u>58,441,495</u>
<b>Assigned</b>						
Vehicle replacement	282,486	-	-	-	-	282,486
Capital projects	1,947,047	-	-	-	-	1,947,047
Technology	19,815	-	-	-	-	19,815
General government	172,283	-	-	-	-	172,283
Community services	36,554	-	-	-	-	36,554
Public safety	164,346	-	-	-	-	164,346
Public works	51,912	-	-	12,136,851	-	12,188,763
Subtotal	<u>2,674,443</u>	<u>-</u>	<u>-</u>	<u>12,136,851</u>	<u>-</u>	<u>14,811,294</u>
Unassigned	16,101,463	-	-	-	(175,253)	15,926,210
Total Fund Balances	<u>\$22,062,833</u>	<u>\$31,274,583</u>	<u>\$ 1,289,180</u>	<u>\$16,292,041</u>	<u>\$21,445,775</u>	<u>\$ 92,364,412</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 12 – CLASSIFICATION OF FUND BALANCES, continued**

At year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

<b>Fund</b>	<b>Fund Balance Classifiication</b>	<b>Amount</b>
Major funds:		
City Projects	Assigned	<u>\$ 5,500,986</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 13 – RISK MANAGEMENT**

The City is exposed to various risks of loss including government tort claims (general and automobile liability), employment practices liability, employee work related injuries and illnesses, public officials errors and omissions, natural disasters, and theft of or damage to property. The City protects its financial resources and assets through insurance programs managed and administered by the Risk Management Office within the Human Resources Department.

The Human Resources Department is responsible for managing the City's General Liability and Workers' Compensation Internal Service Funds to account for and finance the City's risk of loss. Under these programs, the City is self insured for the first \$500,000 per occurrence for general, auto, and employment liability and is self insured for the first \$350,000 for workers' compensation claims. All City operating funds and departments participate in the self insurance programs and make payments to the General Liability and Workers' Compensation Internal Service Funds based on size of payroll, risk, and actuarial estimates of the amounts needed to pay for both prior and current year claims. The total actuarial estimated claims liability at June 30, 2015 is \$6,645,000, consisting of \$1,712,000 general liability and \$4,933,000 worker's compensation liability. These amounts include allocated expenses and a provision for the incurred but not reported claims. Of this balance, \$1,849,000 has been recorded as a current liability on the City's balance sheet.

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA) self insurance pool. Through CJPRMA, the City has an additional \$39,500,000 in comprehensive liability coverage over and above our self-insured retention of \$500,000 per occurrence. The City is also a member of the Local Agency Workers' Compensation Excess (LAWCX) Joint Powers Authority self insurance pool which provides excess workers compensation coverage up to \$50,000,000 per occurrence. The purpose of CJPRMA and LAWCX is to spread the adverse effects of losses among the member public agencies and to purchase excess insurance as a group, thereby reducing its expense. The City contributes its pro rata share of expected losses to these self insurance pools administered by CJPRMA and LAWCX. Should the pool's actual losses among participating agencies be greater than the anticipated losses, the City may be assessed its pro rata share of that deficiency. Conversely, if the actual losses for the pool are less than anticipated, the City may from time to time be refunded a pro rata share of the excess.

Additionally, the City participates in the California Transit Insurance Pool (CalTIP), a California Joint Powers Authority. The purpose of CalTIP is to provide coverage for the City's public transit system. The City maintains, through its membership in CalTIP, general, automobile, and public officials errors and omissions limits of \$20,000,000 per occurrence, subject to a \$25,000 self-insured retention. In addition, the City participates in CalTIP's Physical Damage Program, protecting the transit vehicle fleet with a \$5,000 deductible per accident.

The City also maintains separate policies for special events with a \$25,000 deductible, automobile physical damage for vehicles valued over \$10,000, property insurance with a \$25,000 deductible, boiler and machinery insurance, employee crime and fidelity insurance.

The following claim estimates are based on the requirements of Governmental Accounting Standards Board Statement 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, and include estimated claims incurred but not yet reported as of June 30, 2014. Changes in the Insurance Fund claims liability during the fiscal year July 1, 2014 through June 30, 2015 are as follows:

	Claims Liability July 1	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Balance June 30	Due Within One Year
2012-2013	\$ 6,246,000	\$ 799,947	\$ (1,151,947)	\$ 5,894,000	\$ 1,837,000
2013-2014	\$ 5,894,000	\$ 1,209,928	\$ (876,928)	\$ 6,227,000	\$ 1,916,000
2014-2015	\$ 6,227,000	\$ 1,427,789	\$ (1,009,789)	\$ 6,645,000	\$ 1,849,000

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY**

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Vacaville that previously reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of the redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 2012-10.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installments payments on enforceable of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California (SCO) to review the propriety of any transfer 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 of 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 the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

After the date of the dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

As a result of the dissolution of the redevelopment agency, the City received a one-time settlement of \$4,482,226 during the fiscal year 2012-13.

During fiscal year 2013-14, Pursuant to Health and Safety Code section 34167.5, the SCO reviewed all asset transfers made by the Vacaville Redevelopment Agency (RDA) to the City of Vacaville or any other public agency after January 1, 2011. The SCO determined that the RDA made an unallowable asset transfer in cash to the City after January 1, 2011 in the amount of \$3,814,709 on February 28, 2011 to repay an unsecured Promissory Note dated November 17, 2000. The City was ordered to reverse the transfer and turn it over to the Successor Agency.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF THE FORMER REDEVELOPMENT AGENCY, continued**

This “clawback” has been recorded as a receivable to the City from the Successor Agency as of June 30, 2015 and will be repaid as allowed by the California Department of Finance's calculation for Loans between the Former RDAs and Sponsoring Entities.

**Long-term Receivable from City of Vacaville**

\$ 9,010,760      The former Redevelopment Agency loaned the City \$10,999,100 for the construction of a City owned police facility. Repayments will be made twice a year on December 31st and June 30th in amounts equal to 80% of the revenue collected by the Police Development Impact Fee with an interest rate of 0%. Additional repayments will also be made when funds become available in the Community Benefit Contribution fund.

**Long-term Note Payable to City of Vacaville**

\$ 3,118,743      During fiscal year 2010 the State adopted budget legislation AB X4-26 taking redevelopment property tax revenue statewide over two fiscal years. The former Redevelopment Agency borrowed from the Housing Special Revenue Fund to meet this requirement. The loan was transferred to the Successor Agency upon dissolution of Redevelopment. The amount was repaid subsequent to year end as allowed by the Department of Finance's calculation for Loans between the Former RDAs and Sponsoring Entities.

3,814,709      The former Redevelopment Agency loaned the City \$7,881,241 for the purchase of the Nut Tree Property in October 2000. The former Redevelopment Agency repaid the note February 28, 2011. Upon dissolution of Redevelopment and during the course of a review conducted by the State Controller's Office, it was determined that the loan repayment was not allowed, therefore the City had to return the payment. The City returned the payment, however the amount was still due to the City. The amount may be repaid as allowed by the Department of Finance's calculation for Loans between the Former RDAs and Sponsoring Entities.

\$ 6,933,452      Total Long-term Notes Payable to City of Vacaville

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 15 – POLLUTION REMEDIATION**

Groundwater monitoring data collected since 1996 indicate that operations at the City's Gibson Canyon Wastewater Treatment Plant (WWTP) contributed to increased salinity in groundwater beneath the WWTP. The City determined that compliance with groundwater quality regulatory requirements would be cost prohibitive and agreed with users of the WWTP to a closure plan. As of December 2006, the WWTP has ceased operation. A Final Closure Plan has been developed to achieve a clean-closure. Once the groundwater remediation work is completed, the need for post-closure maintenance will be eliminated. However, corrective action will continue for up to 20 years with the operation of the groundwater remediation system. The Closure Plan consists of the demolition or renovation of existing structures, demolition or abandonment of existing piping systems and re-grading of the chlorination basin, the stabilization ponds and the aeration basins. At this time, the City has an estimate based on engineering cost estimates for closure of projects of \$1,355,000 for the Closure Plan work with no estimated recoveries to reduce the liability. There is no risk of an increase or decrease of the estimate since it is continuously monitored.

**NOTE 16 – COMMITMENTS AND CONTINGENCIES**

**A. COMMITMENTS**

City Projects

The City awarded the design-build contract for Fire Station 75 to T.B. Penick & Sons in March 2015. The additional approximately 8,500 sq. ft. fire station will be built in the Southtown area of the City in order to meet the growing response demand for medical, rescue, and fire suppression as a result of development. The original contract was in the amount of \$5,378,402 and the balance as of June 30, 2015 was approximately \$4,680,314. The project is expected to be completed by May 2016.

The City selected Drake Haglan and Associates to provide structural design services on the Buck Avenue Bridge over Alamo Creek Rehabilitation Project. The project originally consisted of rehabilitating the existing functionally obsolete bridge and widening it to meet current standards for travel lane and shoulder widths. During the fiscal year, it was determined a full bridge replacement was more economically feasible than a bridge widening. The balance of the design services contract as of June 30, 2015 was \$206,598.

The City entered into a contract with Solano Resource Conservation District in December 2014 to develop site design and implementation plans for the Centennial Park Riparian Forest Restoration and Loop Trail Project. The urban greening project consists of restoration to the Horse Creek tributaries within Centennial Park and construction of a bike path. The original contract was in the amount of \$445,294 and the balance as of June 30, 2015 was approximately \$422,656. Construction of the bike path will be completed next fiscal year; the remaining phases of the project are expected to be completed by 2018.

Sewer Utility

The City awarded the construction contract for the Brown Street Lift Station to Mountain Cascade, Inc. in September 2014. The original contract was in the amount of \$2,050,000 and the balance as of June 30, 2015 was approximately \$1,025,863. The construction of the new lift station and force main on Brown Street is expected to be completed in March 2016.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 16 – COMMITMENTS AND CONTINGENCIES, continued**

***A. COMMITMENTS, continued***

The City selected Landmark Construction for the construction contract for the Easterly Wastewater Treatment Plant Tertiary Project – Lab Expansion in February 2015. The lab expansion is the third of four planned construction projects to upgrade the plant to tertiary level wastewater treatment. The original amount of the contract was \$3,684,000 and the balance at the end of the fiscal year was approximately \$2,400,369. Construction is expected to be completed in February 2016.

***B. CONTINGENCIES***

The City participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such audits could lead to request for reimbursement for expenditures disallowed under the terms of the grant. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Various claims and lawsuits are pending against the City. Although the outcome of these claims and lawsuits is not presently determinable, in the opinion of the City's management, on advice of legal counsel, it is unlikely that they will have a material adverse effect on the accompanying financial statements.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 17 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS**

The City of Vacaville participates in various joint ventures and jointly governed organizations. The City's financial interests are as follows:

The Solano Water Authority

The Solano Water Authority (the Water Authority), a joint powers agency, was organized in September of 1987 to develop water resources and related water projects for the participating local county agencies. The governing body of the Water Authority consists of a representative from each participating agency. The Water Authority has initiated three major water projects to date; Noonan Reservoir, Imported Water Supply Development, and Groundwater Management; all of which are in the research and development phase.

The City's equity investment in the Water Authority, \$352,579, is reported in the Water Utility Enterprise Fund as an investment in joint venture. Complete financial statements may be obtained from the Solano Irrigation District.

The following unaudited information for the Water Authority is presented as of, and for the year ended June 30, 2015:

Current assets	\$	493,964
Property, plant and equipment, net		<u>954,067</u>
Total assets		<u><u>1,448,031</u></u>
Current liabilities		<u>12,000</u>
Total liabilities		<u><u>12,000</u></u>
Net position	\$	<u><u>1,436,031</u></u>
Other revenues (expenses), net		<u>303</u>
Increase in net position	\$	<u><u>303</u></u>

North Bay Treatment Plant

The North Bay Treatment Plant was constructed through a joint exercise of powers agreement between the City of Fairfield and the City to operate and maintain facilities for supplying potable water to their respective service areas. A Joint Powers Policy Committee (JPPC) handles the organization and administration of the North Bay Treatment Plant. The JPPC is composed of the Director of Public Works from Fairfield and the Director of Utilities from the City or their designated alternates. The City's equity in the joint venture is shown as an investment in joint venture in the City's enterprise funds in the amount of \$19,568,807 which represents a 36.8% equity interest. The City's contribution to the operations of the North Bay Treatment Plant for the fiscal year was \$2,598,741. This amount is included in the total operating revenues stated in the following financial information. Complete financial statements may be obtained through the City of Fairfield Finance Department.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 17 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS, continued**

Summarized audited financial information for the North Bay Treatment Plant as of June 30, 2015 is shown below.

Current assets	\$ 4,660,035
Noncurrent assets	<u>54,331,887</u>
Total assets	<u><u>58,991,922</u></u>
Deferred outflows of resources	<u>310,826</u>
Current liabilities	349,054
Noncurrent liabilities	<u>4,800,420</u>
Total liabilities	<u><u>5,149,474</u></u>
Deferred inflows of resources	<u>1,008,969</u>
Net investment in Capital Assets	36,431,732
Restricted for major maintenance	16,630,440
Restricted for minority interest	216,711
Unrestricted	<u>(134,578)</u>
Total Net Position	<u><u>\$ 53,144,305</u></u>
Total operating revenues	\$ 7,341,060
Total operating expenses	<u>6,912,177</u>
Operating Income	428,883
Total non-operating revenues	<u>252,032</u>
Income before transfers	<u>680,915</u>
Transfers	<u>(92,394)</u>
Total transfers	<u>(92,394)</u>
Increase in Net Position	<u>588,520</u>
Net Position	
Beginning of Year	<u>57,535,321</u>
Prior Period Adjustment (GASB 68)	(4,979,536)
Beginning of Year, as restated	<u>52,555,785</u>
End of Year	<u><u>\$ 53,144,305</u></u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 17 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS, continued**

The beginning net position of the North Bay Treatment Plant was decreased by \$4,979,536 for the implementation of GASB Statement No. 68. Of this amount, \$1,659,846 was related to the City of Vacaville's equity investment and was recorded as a prior period adjustment in the City's financial statements.

The City of Fairfield changed the presentation of the North Bay Treatment Plant financial statements from showing the City of Vacaville's minority interest as a liability, *Noncurrent liabilities – Minority interest in Joint Agencies*, to restricting net position for the minority interest. A summary of the City's equity in the joint venture is presented below:

<u>Net Position</u>	<u>City of Vacaville</u>	<u>City of Fairfield</u>	<u>Total</u>
Net investment in capital assets	\$ 12,849,101	\$ 23,582,631	\$ 36,431,732
Restricted for major maintenance	6,502,995	10,127,445	16,630,440
Restricted for minority interest	216,711	-	216,711
Unrestricted	-	(134,578)	(134,578)
Total net position	<u>\$ 19,568,807</u>	<u>\$ 33,575,498</u>	<u>\$ 53,144,305</u>

Vacaville-Dixon Greenbelt Authority

In order to provide a distinct separation between the urban areas of Vacaville and Dixon, it was determined that a permanent greenbelt should be established. The Vacaville-Dixon Greenbelt Authority (VDGA) was created under a joint exercise of powers agreement between the two cities for the purpose of providing for the preservation and conservation of viable agricultural and open space land. The governing body consists of two members each from the City Councils of Vacaville and Dixon and one ex-officio member from the Solano County Board of Supervisors. The cities share equally in VDGA operations. During the fiscal year ended June 30, 2015 the City did not make any contributions to the VDGA.

Solano Animal Control Authority

The Solano Animal Control Authority (SACA), a California Joint Powers Authority, provides animal control services to member cities in Solano County. The City, through its membership in SACA, receives animal control services including response for vicious, injured, dead, loose, unwanted and noisy animals. During the fiscal year ended June 30, 2015 the City contributed \$253,588 to the operation and maintenance of the Claybank Animal Shelter and \$89,477 towards capital improvements. The City has no equity interest in SACA.

Solano Transportation Authority

The Solano Transportation Authority (STA), a California Joint Powers Authority, provides for coordinated, continuous and comprehensive transportation planning for Solano County and the cities within its boundaries. STA members refine and update the County transportation plan, coordinate planning and implementation of improvements and operate or contract for transit and paratransit services. The City paid a membership fee of approximately \$88,487 through the Local Transportation Fund and \$56,965 from gas tax revenues to STA for fiscal year 2015. The City has no equity interest in STA.

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 18 – PRIOR PERIOD ADJUSTMENTS**

The beginning net position for Governmental Activities and Business-Type Activities on the Government-Wide Finance Statements have been decreased by \$123,263,285 and \$21,968,653, respectively. Implementation of GASB Statement No. 68 requires accounting and financial reporting for pensions.

The beginning net position for Business-Type Activities on the Government-Wide Financial Statements and the beginning net position for the Water Utility funds on the Proprietary Funds Financial Statements have been decreased by \$1,659,846. The City's equity interest in the joint operations of the North Bay Treatment Plant decreased due to the implementation of GASB Statement No. 68 and the recording of the net pension liability.

The beginning net position for Business-Type Activities on the Government-Wide Financial Statements and the beginning net position for the Water Utility funds on the Proprietary Funds Financial Statements have been increased by \$352,579. A restatement was made to record the City's equity interest in the Solano Water Authority, a joint powers agency.

A summary of the prior period adjustments is shown below and on the next page:

	Net Position as Previously Reported	Prior Period Adjustments					Net Position as Restated
		Joint Venture North Bay Treatment Plant Pension Liability	Joint Venture Solano Water Authority Equity Interest	Unavailable Revenues - Loans	Deferred Employer Contributions	Pension Liability	
<b>Government-Wide Financial Statements</b>							
Governmental Activities Net Position	\$ 475,740,110	\$ -	\$ -	\$ -	\$ (11,910,178)	\$ (129,368,562)	\$ 334,461,370
Business Type Activities Net Position	306,951,784	(1,659,846)	352,579	-	(2,249,388)	(29,852,960)	273,542,169
Total	<u>\$ 782,691,894</u>	<u>\$ (1,659,846)</u>	<u>\$ 352,579</u>	<u>\$ -</u>	<u>\$ (14,159,566)</u>	<u>\$ (159,221,522)</u>	<u>\$ 608,003,539</u>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

**NOTE 18 – PRIOR PERIOD ADJUSTMENTS, continued**

The beginning fund balance for Successor Housing, Housing Assistance, and Community Development (Other Governmental Funds) on the Governmental Fund Financial Statements have been increased by \$37,960,411. Long-term loans and notes receivables reported in the governmental funds were previously offset by deferred inflows of resources since they were considered unavailable revenues under modified accrual accounting. A restatement was recorded to increase fund balance since long-term loans and notes receivables should be offset with nonspendable fund balance unless the proceeds are restricted, committed or assigned.

The beginning net position for Central Services and Insurance Internal Service Funds have been decreased by \$3,905,539 and \$976,385, respectively. Implementation of GASB Statement No. 68 requires accounting and financial reporting for pensions.

	Prior Period Adjustments						Fund Balance as Restated
	Fund Balance as Previously Reported	Joint Venture North Bay Treatment Plant Pension Liability	Joint Venture Solano Water Authority Equity Interest	Unavailable Revenues - Loans	Deferred Employer Contributions	Pension Liability	
<b><i>Fund Financial Statements</i></b>							
<b>Governmental Funds</b>							
Community Development	\$ 487,456	\$ -	\$ -	\$ 10,938,430	\$ -	\$ -	\$ 11,425,886
Successor Housing	3,682,686	-	-	26,672,022	-	-	30,354,708
Housing Assistance	2,163,196	-	-	349,959	-	-	2,513,155
<b>Total Governmental Funds</b>	<b>\$ 6,333,338</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,960,411</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,293,749</b>
<b>Enterprise Funds</b>							
Sewer Utility	172,571,763	-	-	-	(953,559)	(19,556,274)	152,061,930
Water Utility	106,242,241	(1,659,846)	352,579	-	(538,968)	(11,053,547)	93,342,459
Transit	24,791,887	-	-	-	-	-	24,791,887
<b>Total Enterprise Funds</b>	<b>\$ 303,605,891</b>	<b>\$ (1,659,846)</b>	<b>\$ 352,579</b>	<b>\$ -</b>	<b>\$ (1,492,527)</b>	<b>\$ (30,609,821)</b>	<b>\$ 270,196,276</b>
<b>Internal Service Funds</b>							
Central Services	(529,267)	-	-	-	(265,338)	(5,441,746)	(6,236,351)
Insurance	(664,443)	-	-	-	(66,334)	(1,360,437)	(2,091,214)
<b>Total Internal Service Funds</b>	<b>\$ (1,193,710)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (331,672)</b>	<b>\$ (6,802,183)</b>	<b>\$ (8,327,565)</b>

**CITY OF VACAVILLE**  
**Notes to the Basic Financial Statements**  
**For the year ended June 30, 2015**

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**NOTE 19 – SUBSEQUENT EVENTS**

On September 10, 2015, the City entered into a ten-year \$1,641,125 capital lease agreement with Holman Capital Corporation and assigned to Mission National Bank for a new Type 1 structural fire engine and ladder truck. The interest rate is 2.75% with an annual payment of \$189,943 beginning in September 2016.

Subsequent to June 30, 2015, the City agreed to three-year term Memorandum of Understanding (MOUs)/agreements with eight of the nine labor groups in the City, which will cover fiscal years 2016 through 2018. The agreements cease all concessions previously in place, include an increase in the employee contribution towards healthcare and a direct employee contribution to the OPEB trust, and implement the enforcement of vacation caps to reduce the City's compensated absences liability.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the year ended June 30, 2015**

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**Budgetary Data**

The City adopts annual budgets for the General and Special Revenue Funds. The City also adopts project length budgets which can span a number of years for the Capital Projects Funds. The Debt Service Funds' budgets are adopted when the debt issuances are authorized.

Budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). Budgetary comparisons presented in this report are on this budgetary basis and reflect applicable amendments and revisions. The City uses the following procedures in establishing the annual budget:

1. The City Manager submits a recommended annual operating budget to the City Council for each fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The City Council holds budget study sessions which are open to the public for its comments.
3. The budget is prepared by fund and by department. The budget is approved by City Council through the passage of an ordinance.
4. The City Manager has the ability to transfer amounts between funds and fund types without City Council approval as long as there is no legal restriction and as long as the transfer does not result in the total appropriation amount being exceeded. When an appropriation requires an increase that cannot be supported by a transfer, City Council authorization is required.

Reductions to appropriations totaling \$147,087 for the City operating budget was made by the City Council action during the year. Appropriations were also increased due to grant and operating carryovers by \$1,480,693 and new grant awards of \$118,627. The net increase to appropriations is \$1,452,233.

**Encumbrances**

Encumbrance accounting is used during the year for budgetary control. Encumbrances outstanding at year-end do not constitute expenditures or liabilities, but rather, an assignment of fund balance. The City honors contracts represented by year-end encumbrances and the appropriations carried over provide authority to complete these transactions in the following year.

**CITY OF VACAVILLE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL FUND**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE/(NEGATIVE)
<b>Revenues:</b>				
Taxes and fees	\$ 60,798,600	\$ 60,798,600	\$ 64,989,921	\$ 4,191,321
Licenses and permits	212,400	212,400	214,366	1,966
Investment income	941,753	941,753	1,266,312	324,559
Intergovernmental	134,364	209,364	832,540	623,176
Charges for services	7,737,010	7,737,010	7,961,475	224,465
Fines, forfeitures and penalties	140,360	140,360	230,205	89,845
Other	51,000	51,000	834,515	783,515
<b>Total revenues</b>	<b>70,015,487</b>	<b>70,090,487</b>	<b>76,329,334</b>	<b>6,238,847</b>
<b>Expenditures:</b>				
Current:				
General government	7,478,472	8,355,227	7,056,257	1,298,970
Public safety	47,738,062	47,667,287	48,657,806	(990,519)
Public works	5,197,772	5,257,772	4,923,918	333,854
Community services	8,035,499	8,197,364	7,782,223	415,141
Debt service:				
Principal	322,989	322,989	322,989	-
Interest	27,743	27,743	27,743	-
<b>Total expenditures</b>	<b>68,800,537</b>	<b>69,828,382</b>	<b>68,770,936</b>	<b>1,057,446</b>
<b>Extraordinary item:</b>				
ABX1 26 transfer to Successor Agency	-	-	3,051,767	3,051,767
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>1,214,950</b>	<b>262,105</b>	<b>10,610,165</b>	<b>10,348,060</b>
<b>Other financing sources (uses):</b>				
Transfers in	2,025,373	2,025,373	1,897,941	(127,432)
Transfers out	(1,005,658)	(1,304,996)	(2,207,368)	(902,372)
Sale of capital assets	-	-	16,534	16,534
<b>Total other financing sources (uses)</b>	<b>1,019,715</b>	<b>720,377</b>	<b>(292,893)</b>	<b>(1,013,270)</b>
<b>Net change in fund balance</b>	<b>\$ 2,234,665</b>	<b>\$ 982,482</b>	<b>10,317,272</b>	<b>\$ 9,334,790</b>
Fund balances, beginning of year			11,745,561	
Fund balances, end of year			<b>\$ 22,062,833</b>	

**CITY OF VACAVILLE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL  
SPECIAL REVENUE FUND - SUCCESSOR HOUSING**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Investment income	\$ 45,000	\$ 45,000	\$ 63,170	\$ 18,170
Other	401,086	401,086	47,095	(353,991)
<b>Total revenues</b>	<u>446,086</u>	<u>446,086</u>	<u>110,265</u>	<u>(335,821)</u>
<b>Expenditures:</b>				
Current:				
Housing	447,965	447,965	419,756	28,209
<b>Total expenditures</b>	<u>447,965</u>	<u>447,965</u>	<u>419,756</u>	<u>28,209</u>
<b>Extraordinary item:</b>				
ABX1 26 transfer to Successor Agency	-	-	762,942	762,942
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(1,879)	(1,879)	453,451	455,330
<b>Other financing sources (uses):</b>				
Transfers in	-	-	245,000	245,000
Transfers out	-	-	(2,571)	(2,571)
Sale of capital assets	-	-	223,995	223,995
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>466,424</u>	<u>466,424</u>
<b>Net change in fund balance</b>	<u>\$ (1,879)</u>	<u>\$ (1,879)</u>	<u>919,875</u>	<u>\$ 921,754</u>
Fund balances, beginning of year			3,682,686	
Prior period adjustment			26,672,022	
Fund balances, end of year			<u>\$ 31,274,583</u>	

**CITY OF VACAVILLE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND - HOUSING ASSISTANCE**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE/(NEGATIVE)
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 1,966	\$ 1,966
Intergovernmental	13,583,578	13,583,578	11,463,478	(2,120,100)
Charges for services	11,150	11,150	27,340	16,190
Other	1,000,000	1,000,000	67,603	(932,397)
<b>Total revenues</b>	<u>14,594,728</u>	<u>14,594,728</u>	<u>11,560,387</u>	<u>(3,034,341)</u>
<b>Expenditures:</b>				
Current:				
Housing	14,647,674	14,647,674	12,786,933	1,860,741
<b>Total expenditures</b>	<u>14,647,674</u>	<u>14,647,674</u>	<u>12,786,933</u>	<u>1,860,741</u>
<b>Net change in fund balance</b>	<u>\$ (52,946)</u>	<u>\$ (52,946)</u>	<u>(1,223,975)</u>	<u>\$ (1,173,600)</u>
Fund balance, beginning of year			<u>2,163,196</u>	
Prior period adjustment			<u>349,959</u>	
Fund balance, end of year			<u>\$ 1,289,180</u>	

**CITY OF VACAVILLE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

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**OTHER POST-EMPLOYMENT BENEFITS**

**SCHEDULE OF FUNDING PROGRESS- OPEB**

Valuation Date	Actuarial Liability	Actuarial Value of Assets	Unfunded Liability (UAL)	Funded Ratio	Valuation Payroll	UAL as % of Payroll
7/1/2010	\$ 69,954,229	\$ 6,050,369	\$ (63,903,860)	8.65%	\$ 46,819,164	136.5%
7/1/2011	80,254,313	8,707,156	(71,547,157)	10.85%	47,313,037	151.2%
7/1/2013	105,221,390	12,288,500	(92,932,890)	11.68%	43,370,992	214.3%

**CITY OF VACAVILLE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

**Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period  
CalPERS - Safety Plan**

Measurement Period	2013-14
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 5,523,872
Interest	17,583,301
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(9,983,580)</u>
Net Change in Total Pension Liability	13,123,593
Total Pension Liability - Beginning	<u>236,673,867</u>
Total Pension Liability - Ending (a)	<u><u>\$ 249,797,460</u></u>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - Employer	\$ 7,911,265
Contributions - Employee	1,940,540
Net Investment Income	25,257,498
Benefit Payments, Including Refunds of Employee Contributions	(9,983,580)
Other Changes in Fiduciary Net Position	<u>-</u>
Net Change in Fiduciary Net Position	25,125,723
Plan Fiduciary Net Position - Beginning	<u>144,554,700</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 169,680,423</u></u>
Plan Net Position Liability/(Asset) - Ending (a) - (b)	<u><u>\$ 80,117,037</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.93%
Covered - Employee Payroll	\$ 22,090,332
Plan Net Pension Liability/(Asset) as a Percentage of Covered - Employee Payroll	362.68%

Historical information is required only for measurement periods for which GASB 68 is applicable.

**Notes to Schedule**

Benefit Changes

The figures reported do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013.

This applies for voluntary benefit changes as well as any offers of Two Years Additional Serviced Credit (a.k.a. Golden Handshakes).

Changes of Assumptions

There were no changes in assumptions.

**CITY OF VACAVILLE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

**Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period  
CalPERS - Miscellaneous Plan**

Measurement Period	2013-14
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 3,780,586
Interest	14,586,721
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(9,097,351)</u>
Net Change in Total Pension Liability	9,269,956
Total Pension Liability - Beginning	<u>197,148,000</u>
Total Pension Liability - Ending (a)	<u>\$ 206,417,956</u>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - Employer	\$ 4,145,910
Contributions - Employee	1,856,352
Net Investment Income	22,833,932
Benefit Payments, Including Refunds of Employee Contributions	(9,097,351)
Other Changes in Fiduciary Net Position	-
Net Change in Fiduciary Net Position	19,738,843
Plan Fiduciary Net Position - Beginning	<u>131,978,055</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 151,716,898</u>
Plan Net Position Liability/(Asset) - Ending (a) - (b)	<u>\$ 54,701,058</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.50%
Covered - Employee Payroll	\$ 26,450,347
Plan Net Pension Liability/(Asset) as a Percentage of Covered - Employee Payroll	206.81%

Historical information is required only for measurement periods for which GASB 68 is applicable.

**Notes to Schedule**

**Benefit Changes**

The figures reported do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Serviced Credit (a.k.a. Golden Handshakes).

**Changes of Assumptions**

There were no changes in assumptions.

**CITY OF VACAVILLE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

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**CalPERS - Schedule of Plan Contributions**

**Safety Plan**

	Fiscal Year 2014-15*
Actuarially determined contribution	\$ 8,632,358
Contribution in relation to the actuarially determined contributions	(8,632,358)
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 23,081,850
Contributions as a percentage of covered - employee payroll	37.40%

\*Historical information is required only for measurement periods for which GASB 68 is applicable.

**Miscellaneous Plan**

	Fiscal Year 2014-15*
Actuarially determined contribution	\$ 4,433,886
Contribution in relation to the actuarially determined contributions	(4,433,886)
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 25,938,580
Contributions as a percentage of covered - employee payroll	17.09%

\*Historical information is required only for measurement periods for which GASB 68 is applicable.

**Notes to Schedules**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Percent of Payroll
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**CITY OF VACAVILLE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

**Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period  
PARS**

Measurement Period	2013-14
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 1,037,084
Interest	3,183,730
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(2,221,976)</u>
Net Change in Total Pension Liability	1,998,838
Total Pension Liability - Beginning	<u>42,503,553</u>
Total Pension Liability - Ending (a)	<u>\$ 44,502,391</u>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions - Employer	\$ 2,102,393
Contributions - Employee	443,777
Net Investment Income	1,731,278
Administrative Expenses	(66,579)
Benefit Payments, Including Refunds of Employee Contributions	(2,221,976)
Other Changes in Fiduciary Net Position	-
Net Change in Fiduciary Net Position	1,988,893
Plan Fiduciary Net Position - Beginning	<u>12,252,008</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 14,240,901</u>
Plan Net Position Liability/(Asset) - Ending (a) - (b)	<u>\$ 30,261,490</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	32.00%
Covered - Employee Payroll	\$ 23,910,195
Plan Net Pension Liability/(Asset) as a Percentage of Covered - Employee Payroll	126.56%

Historical information is required only for measurement periods for which GASB 68 is applicable.

**Notes to Schedule**

**Benefit Changes**

The figures reported do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Serviced Credit (a.k.a. Golden Handshakes).

**Changes of Assumptions**

There were no changes in assumptions.

**CITY OF VACAVILLE  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2015**

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**PARS - Schedule of Plan Contributions**

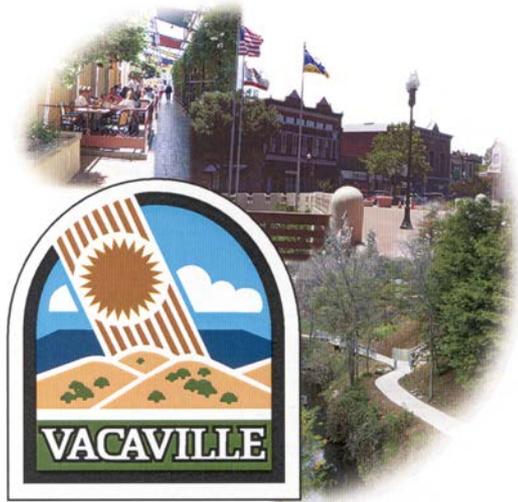
<b>Miscellaneous Plan</b>	<u>Fiscal Year 2014-15*</u>
Actuarially determined contribution	\$ 3,352,102
Contribution in relation to the actuarially determined contributions	<u>(2,463,322)</u>
Contribution deficiency (excess)	<u>\$ 888,780</u>
Covered - employee payroll	\$ 22,370,995
Contributions as a percentage of covered - employee payroll	14.98%

\*Historical information is required only for measurement periods for which GASB 68 is applicable.

**Notes to Schedules**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the July 1, 2013 public agency valuation.

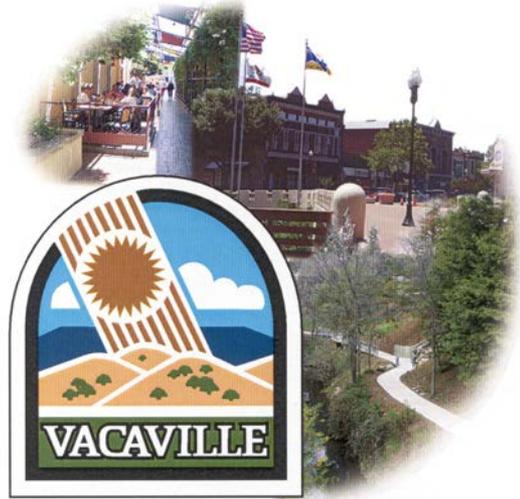
Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level Dollar, closed, 28 years
Asset Valuation Method	Market Value
Inflation	3.00%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	50 - 75 years of age
Mortality	Consistent with the Non-Industrial rates used to value the Miscellaneous CalPERS Pension Plans.



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## SUPPLEMENTARY INFORMATION

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## **OTHER GOVERNMENTAL FUNDS**

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Other governmental funds are nonmajor governmental funds reported in the other governmental funds column of the governmental funds financial statements and include:

### **SPECIAL REVENUE FUNDS:**

#### **BUILDING & STREET DEVELOPMENT**

To account for funds received to provide for building and street maintenance. A portion of the funds is received from the Highway Users Tax Fund as provided in Section 2107.

#### **COMMUNITY DEVELOPMENT**

To account for those funds received from the Federal Government for the purpose of correcting sub-standard, unsafe residences and eliminating building code deficiencies.

#### **MAINTENANCE DISTRICTS**

Funds established to account for park maintenance, setback maintenance, and maintenance of median strips for which no taxes have been

#### **COMMUNITY FACILITIES**

To account for funds received for the administration of the Community Facilities Districts.

#### **SPECIAL PROGRAMS**

To account for monies received and expended from Federal, State and Local grants earmarked for public safety services, diversionary youth education, after school programs and recycling programs.

### **DEBT SERVICE FUNDS:**

#### **ENERGY EFFICIENCY SIEMENS**

To account for the collection of energy savings and payment of debt service for the lease issued to fund facility improvements throughout the City.

### **CAPITAL PROJECT FUNDS:**

#### **ASSESSMENT AND IMPROVEMENT DISTRICTS**

To account for proceeds from taxes and bonds used to construct public improvements benefiting specific property.

#### **SUCCESSOR HOUSING CAPITAL PROJECTS**

To account for proceeds from bonds used to construct housing related projects.

**CITY OF VACAVILLE  
COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS  
JUNE 30, 2015**

	SPECIAL REVENUE					DEBT SERVICE	CAPITAL PROJECTS			TOTAL OTHER GOVERNMENTAL FUNDS
	BUILDING & STREET DEVELOPMENT	COMMUNITY DEVELOPMENT	MAINTENANCE DISTRICTS	COMMUNITY FACILITIES	SPECIAL PROGRAMS	ENERGY EFFICIENCY SIEMENS	ASSESSMENT & IMPROVEMENT DISTRICTS	SUCCESSOR HOUSING CAPITAL PROJECTS		
<b>ASSETS</b>										
Cash and investments	\$ 4,208,170	\$ 557,604	\$ 5,404,973	\$ 1,594,080	\$ 168,763	\$ -	\$ -	\$ 63,150	\$ 11,996,740	
Receivables:										
Taxes	70,322	-	-	-	-	-	-	-	70,322	
Accounts	183,104	141,360	-	-	270,316	-	-	-	594,780	
Loans	-	10,783,262	-	-	-	-	-	-	10,783,262	
Prepaid items	-	-	-	-	-	-	-	-	-	
Restricted cash and investments	-	-	-	-	-	-	1,039,766	3,719,431	4,759,197	
<b>Total assets</b>	<b>\$ 4,461,596</b>	<b>\$ 11,482,226</b>	<b>\$ 5,404,973</b>	<b>\$ 1,594,080</b>	<b>\$ 439,079</b>	<b>\$ -</b>	<b>\$ 1,039,766</b>	<b>\$ 3,782,581</b>	<b>\$ 28,204,301</b>	
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>										
<b>Liabilities:</b>										
Accounts and contract payable	\$ 16,478	\$ 73,983	\$ 50,081	\$ -	\$ 53,689	\$ -	\$ -	\$ 963	\$ 195,194	
Accrued payroll	100,950	2,148	48,099	-	17,480	-	-	2,691	171,368	
Due to other funds	-	-	-	-	-	175,253	-	-	175,253	
Deposits payable	141,213	898	4,192,768	-	121,476	-	-	-	4,456,355	
Unearned revenue	-	51,605	-	1,491,556	-	-	-	-	1,543,161	
Due to other governments	-	2,732	-	-	-	-	-	-	2,732	
<b>Total liabilities</b>	<b>258,641</b>	<b>131,366</b>	<b>4,290,948</b>	<b>1,491,556</b>	<b>192,645</b>	<b>175,253</b>	<b>-</b>	<b>3,654</b>	<b>6,544,063</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Grants received in advance	-	-	-	-	121,463	-	-	-	121,463	
Detachment fee reimbursement	93,000	-	-	-	-	-	-	-	93,000	
<b>Total deferred inflows</b>	<b>93,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>121,463</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>214,463</b>	
<b>Fund balances:</b>										
Restricted	4,109,955	11,350,860	1,114,025	102,524	124,971	-	1,039,766	3,778,927	21,621,028	
Unassigned	-	-	-	-	-	(175,253)	-	-	(175,253)	
<b>Total fund balances</b>	<b>4,109,955</b>	<b>11,350,860</b>	<b>1,114,025</b>	<b>102,524</b>	<b>124,971</b>	<b>(175,253)</b>	<b>1,039,766</b>	<b>3,778,927</b>	<b>21,445,775</b>	
<b>Total liabilities, deferred outflows of resources and fund balances</b>	<b>\$ 4,461,596</b>	<b>\$ 11,482,226</b>	<b>\$ 5,404,973</b>	<b>\$ 1,594,080</b>	<b>\$ 439,079</b>	<b>\$ -</b>	<b>\$ 1,039,766</b>	<b>\$ 3,782,581</b>	<b>\$ 28,204,301</b>	

**CITY OF VACAVILLE**  
**OTHER GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	SPECIAL REVENUE				SPECIAL PROGRAMS	DEBT SERVICE	CAPITAL PROJECTS		TOTAL OTHER GOVERNMENTAL FUNDS
	BUILDING & STREET DEVELOPMENT	COMMUNITY DEVELOPMENT	MAINTENANCE DISTRICTS	COMMUNITY FACILITIES		ENERGY EFFICIENCY SIEMENS	ASSESSMENT & IMPROVEMENT DISTRICTS	SUCCESSOR HOUSING CAPITAL PROJECTS	
<b>REVENUES:</b>									
Taxes and fees	\$ -	\$ -	\$ 2,553,675	\$ 1,938,011	\$ -	\$ -	\$ -	\$ -	\$ 4,491,686
Licenses and permits	1,330,945	-	-	-	-	-	-	-	1,330,945
Investment income	7,373	29,362	-	-	316	-	-	-	37,051
Intergovernmental	752,366	666,470	-	-	1,570,455	-	-	-	2,989,291
Charges for services	2,052,418	-	-	-	46,543	-	-	-	2,098,961
Fines, forfeitures and penalties	4,601	-	-	-	-	-	-	-	4,601
Other	42,964	-	-	-	-	-	-	122,073	165,037
<b>Total revenues</b>	<b>4,190,667</b>	<b>695,832</b>	<b>2,553,675</b>	<b>1,938,011</b>	<b>1,617,314</b>	<b>-</b>	<b>-</b>	<b>122,073</b>	<b>11,117,572</b>
<b>EXPENDITURES:</b>									
Current:									
General government	2,452,891	-	-	-	-	-	-	-	2,452,891
Public safety	-	-	-	1,328	1,452,773	-	-	-	1,454,101
Public works	1,947,138	-	-	-	33,174	-	-	-	1,980,312
Community services	-	515,858	2,753,651	12,672	322,521	-	-	-	3,604,702
Capital outlay	-	-	-	-	-	-	-	143,323	143,323
Debt service:									
Principal	-	-	-	-	-	382,875	-	-	382,875
Interest and fiscal charges	-	-	-	20,738	-	206,344	-	-	227,082
<b>Total expenditures</b>	<b>4,400,029</b>	<b>515,858</b>	<b>2,753,651</b>	<b>34,738</b>	<b>1,808,468</b>	<b>589,219</b>	<b>-</b>	<b>143,323</b>	<b>10,245,286</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(209,362)</b>	<b>179,974</b>	<b>(199,976)</b>	<b>1,903,273</b>	<b>(191,154)</b>	<b>(589,219)</b>	<b>-</b>	<b>(21,250)</b>	<b>872,286</b>
<b>OTHER FINANCING SOURCES (USES):</b>									
Transfers in	500,000	-	450,658	-	5,000	663,966	-	-	1,619,624
Transfers out	(232,167)	(255,000)	(25,291)	(1,895,273)	-	-	-	-	(2,407,731)
<b>Total other financing sources (uses)</b>	<b>267,833</b>	<b>(255,000)</b>	<b>425,367</b>	<b>(1,895,273)</b>	<b>5,000</b>	<b>663,966</b>	<b>-</b>	<b>-</b>	<b>(788,107)</b>
<b>NET CHANGE IN TOTAL FUND BALANCE</b>	<b>58,471</b>	<b>(75,026)</b>	<b>225,391</b>	<b>8,000</b>	<b>(186,154)</b>	<b>74,747</b>	<b>-</b>	<b>(21,250)</b>	<b>84,179</b>
Fund balances, beginning of year	4,051,484	487,456	888,634	94,524	311,125	(250,000)	1,039,766	3,800,177	10,423,166
Prior period adjustment	-	10,938,430	-	-	-	-	-	-	10,938,430
Fund balances, beginning of year, restated	4,051,484	11,425,886	888,634	94,524	311,125	(250,000)	1,039,766	3,800,177	21,361,596
Fund balances, end of year	\$ 4,109,955	\$ 11,350,860	\$ 1,114,025	\$ 102,524	\$ 124,971	\$ (175,253)	\$ 1,039,766	\$ 3,778,927	\$ 21,445,775

**CITY OF VACAVILLE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ALL SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	BUILDING & STREET DEVELOPMENT			VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Licenses and permits	\$ 1,000,000	\$ 1,000,000	\$ 1,330,945	\$ 330,945
Investment income	4,000	4,000	7,373	3,373
Intergovernmental	581,889	581,889	752,366	170,477
Charges for services	1,124,330	1,124,330	2,052,418	928,088
Fines, forfeitures and penalties	-	-	4,601	4,601
Other	50,900	50,900	42,964	(7,936)
<b>Total revenues</b>	<b>2,761,119</b>	<b>2,761,119</b>	<b>4,190,667</b>	<b>1,429,548</b>
<b>Expenditures:</b>				
Current:				
General government	2,876,955	2,876,955	2,452,891	424,064
Public works	923,125	923,125	1,947,138	(1,024,013)
<b>Total expenditures</b>	<b>3,800,080</b>	<b>3,800,080</b>	<b>4,400,029</b>	<b>(599,949)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,038,961)</b>	<b>(1,038,961)</b>	<b>(209,362)</b>	<b>829,599</b>
<b>Other financing sources (uses):</b>				
Transfers in	500,000	500,000	500,000	-
Transfers out	(202,184)	(202,184)	(232,167)	(29,983)
<b>Total other financing sources (uses)</b>	<b>297,816</b>	<b>297,816</b>	<b>267,833</b>	<b>(29,983)</b>
<b>Net change in fund balance</b>	<b>\$ (741,145)</b>	<b>\$ (741,145)</b>	<b>58,471</b>	<b>\$ 799,616</b>
Fund balance, beginning of year			4,051,484	
Fund balance, end of year			<b>\$ 4,109,955</b>	

**CITY OF VACAVILLE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ALL SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	COMMUNITY DEVELOPMENT			VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Investment income	\$ 19,662	\$ 19,662	\$ 29,362	\$ 9,700
Intergovernmental	825,681	825,681	666,470	(159,211)
<b>Total revenues</b>	<b>845,343</b>	<b>845,343</b>	<b>695,832</b>	<b>(149,511)</b>
<b>Expenditures:</b>				
Current:				
Community services	848,060	821,748	515,858	305,890
<b>Total expenditures</b>	<b>848,060</b>	<b>821,748</b>	<b>515,858</b>	<b>305,890</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(2,717)</b>	<b>23,595</b>	<b>179,974</b>	<b>156,379</b>
<b>Other financing sources (uses):</b>				
Transfers out	-	-	(255,000)	(255,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(255,000)</b>	<b>(255,000)</b>
<b>Net change in fund balance</b>	<b>\$ (2,717)</b>	<b>\$ 23,595</b>	<b>(75,026)</b>	<b>\$ (98,621)</b>
Fund balances, beginning of year			487,456	
Prior period adjustment			10,938,430	
Fund balances, end of year			<b>\$ 11,350,860</b>	

**CITY OF VACAVILLE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ALL SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	MAINTENANCE DISTRICTS			VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Taxes and fees	\$ 2,521,074	\$ 2,521,074	\$ 2,553,675	\$ 32,601
<b>Total revenues</b>	<u>2,521,074</u>	<u>2,521,074</u>	<u>2,553,675</u>	<u>32,601</u>
<b>Expenditures:</b>				
Current:				
Community services	3,252,383	3,252,383	2,753,651	498,732
<b>Total expenditures</b>	<u>3,252,383</u>	<u>3,252,383</u>	<u>2,753,651</u>	<u>498,732</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(731,309)</u>	<u>(731,309)</u>	<u>(199,976)</u>	<u>531,333</u>
<b>Other financing sources (uses):</b>				
Transfers in	450,658	450,658	450,658	-
Transfers out	-	-	(25,291)	(25,291)
<b>Total other financing sources (uses)</b>	<u>450,658</u>	<u>450,658</u>	<u>425,367</u>	<u>(25,291)</u>
<b>Net change in fund balance</b>	<u>\$ (280,651)</u>	<u>\$ (280,651)</u>	<u>225,391</u>	<u>\$ 506,042</u>
Fund balance, beginning of year			<u>888,634</u>	
Prior period adjustment			-	
Fund balance, end of year			<u>\$ 1,114,025</u>	

**CITY OF VACAVILLE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ALL SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	COMMUNITY FACILITIES			VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Taxes and fees	\$ 1,806,609	\$ 1,806,609	\$ 1,938,011	\$ 131,402
<b>Total revenues</b>	<u>1,806,609</u>	<u>1,806,609</u>	<u>1,938,011</u>	<u>131,402</u>
<b>Expenditures:</b>				
Current:				
Public safety	-	-	1,328	(1,328)
Community services	-	-	12,672	(12,672)
Debt service:				
Interest	-	-	20,738	(20,738)
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>34,738</u>	<u>(14,000)</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,806,609</u>	<u>1,806,609</u>	<u>1,903,273</u>	<u>117,402</u>
<b>Other financing sources (uses):</b>				
Transfers out	(1,806,609)	(1,806,609)	(1,895,273)	(88,664)
<b>Total other financing sources (uses)</b>	<u>(1,806,609)</u>	<u>(1,806,609)</u>	<u>(1,895,273)</u>	<u>(88,664)</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>8,000</u>	<u>\$ 28,738</u>
Fund balance, beginning of year			<u>94,524</u>	
Fund balance, end of year			<u>\$ 102,524</u>	

**CITY OF VACAVILLE**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - ALL SPECIAL PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	SPECIAL PROGRAMS			VARIANCE WITH FINAL BUDGET POSITIVE/(NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
<b>Revenues:</b>				
Investment income	\$ -	\$ -	\$ 316	\$ 316
Intergovernmental	-	1,143,236	1,570,455	427,219
Charges for services	-	-	46,543	46,543
<b>Total revenues</b>	<b>-</b>	<b>1,143,236</b>	<b>1,617,314</b>	<b>474,078</b>
<b>Expenditures:</b>				
Current:				
Public safety	1,094,838	1,473,032	1,452,773	20,259
Public works	-	68,099	33,174	34,925
Community services	-	-	322,521	(322,521)
<b>Total expenditures</b>	<b>1,094,838</b>	<b>1,541,131</b>	<b>1,808,468</b>	<b>(267,337)</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(1,094,838)</b>	<b>(397,895)</b>	<b>(191,154)</b>	<b>206,741</b>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	5,000	5,000
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>5,000</b>
<b>Net change in fund balance</b>	<b>\$ (1,094,838)</b>	<b>\$ (397,895)</b>	<b>(186,154)</b>	<b>\$ 211,741</b>
Fund balance, beginning of year			311,125	
Fund balance, end of year			<b>\$ 124,971</b>	

## **INTERNAL SERVICE FUNDS**

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Internal Service Funds are used to finance and account for goods and special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds introduced by GASB Statement 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Position.

However, internal service funds are presented separately in the Fund financial statements, including the funds below.

### **CENTRAL SERVICES**

To account for all the centralized purchases which are in turn charged back to the operating department upon usage. The activity includes Central Stores, Fuel Station and Garage and Engineering Services.

### **VEHICLE REPLACEMENT**

To account for the acquisition of replacement equipment. Charges are levied to departments on a straight line replacement basis in order to ensure funds are available when the equipment becomes obsolete.

### **TECHNOLOGY REPLACEMENT**

To account for the acquisition of technology equipment. Charges are levied to departments on a straight line replacement basis in order to ensure funds are available when the equipment becomes obsolete.

### **INSURANCE**

To account for premium costs and self-insured claim losses for the following risks: property-related, workers' compensation, unemployment, vehicle-related, and general liability.

### **EMPLOYEE BENEFITS**

To account for sick and vacation leave payoffs related to employee retirements, and other postemployment benefits (OPEB) that are held by California Employers' Retiree Benefit Trust (CERBT) Fund in an irrevocable trust established by PERS to pre-fund OPEB.

**CITY OF VACAVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENTS OF NET POSITION**  
**JUNE 30, 2015**

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
<b>ASSETS</b>						
Cash and investments	\$ -	\$ 1,884,332	\$ 722,223	\$ 5,313,955	\$ 722,268	\$ 8,642,778
Due from other funds	-	-	-	534,306	-	534,306
Inventories - supplies	138,819	-	-	-	-	138,819
Prepaid expenses	864	-	14,754	-	-	15,618
Restricted cash and investments	-	502,647	467	-	-	503,114
Deposits	-	-	-	163,723	-	163,723
Capital assets - non-depreciable	-	410,147	-	-	-	410,147
Capital assets - net of accumulated depreciation	74,669	1,560,340	1,406,622	-	-	3,041,631
<b>Total assets</b>	<b>214,352</b>	<b>4,357,466</b>	<b>2,144,066</b>	<b>6,011,984</b>	<b>722,268</b>	<b>13,450,136</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension - actuarial	441,421	-	-	110,356	-	551,777
<b>LIABILITIES</b>						
Accounts and contract payable	125,515	410,147	33,334	8,102	-	577,098
Accrued payroll	83,981	-	-	21,538	60,547	166,066
Interest payable	-	3,668	1,374	-	-	5,042
Employee benefits payable	-	-	-	-	661,721	661,721
Due to other funds	534,306	-	-	-	-	534,306
Deposits payable	-	-	-	1,835	-	1,835
Pension liability	5,437,605	-	-	1,359,401	-	6,797,006
Claims payable - due within one year	-	-	-	1,849,000	-	1,849,000
Claims payable - due in more than a year	-	-	-	4,796,000	-	4,796,000
Lease payable - due within one year	-	44,507	165,411	-	-	209,918
Lease payable - due in more than a year	-	463,140	213,600	-	-	676,740
<b>Total liabilities</b>	<b>6,181,407</b>	<b>921,462</b>	<b>413,719</b>	<b>8,035,876</b>	<b>722,268</b>	<b>16,274,732</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Pension - actuarial	710,717	-	-	177,678	-	888,395
<b>NET POSITION</b>						
Net investment in capital assets	74,669	1,560,340	1,027,611	-	-	2,662,620
Restricted for capital projects	-	-	467	-	-	467
Unrestricted	(6,311,020)	1,875,664	702,269	(2,091,214)	-	(5,824,301)
<b>Total net position</b>	<b>\$ (6,236,351)</b>	<b>\$ 3,436,004</b>	<b>\$ 1,730,347</b>	<b>\$ (2,091,214)</b>	<b>\$ -</b>	<b>\$ (3,161,214)</b>

**CITY OF VACAVILLE**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

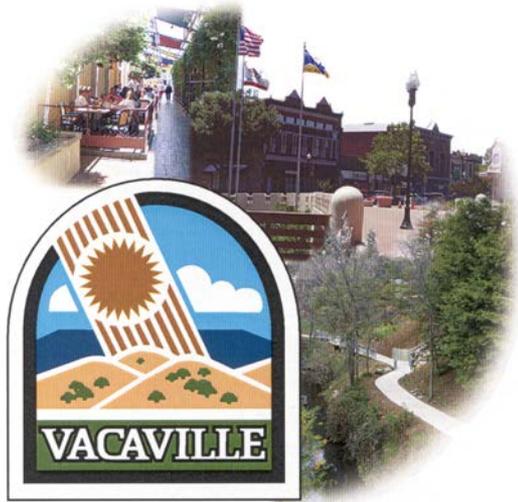
	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
<b>OPERATING REVENUES:</b>						
Internal service charges	\$ 3,166,616	\$ 258,793	\$ 1,474,193	\$ 3,284,323	\$ 5,223,021	\$ 13,406,946
<b>OPERATING EXPENSES:</b>						
Internal service expenses	3,203,206	146	913,972	3,241,689	5,223,021	12,582,034
Depreciation	3,046	268,918	348,598	-	-	620,562
<b>Total operating expenses</b>	<b>3,206,252</b>	<b>269,064</b>	<b>1,262,570</b>	<b>3,241,689</b>	<b>5,223,021</b>	<b>13,202,596</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(39,636)</b>	<b>(10,271)</b>	<b>211,623</b>	<b>42,634</b>	<b>-</b>	<b>204,350</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Interest expense	-	(3,668)	(18,673)	-	-	(22,341)
<b>Total non-operating revenues (expenses)</b>	<b>-</b>	<b>(3,668)</b>	<b>(18,673)</b>	<b>-</b>	<b>-</b>	<b>(22,341)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	<b>(39,636)</b>	<b>(13,939)</b>	<b>192,950</b>	<b>42,634</b>	<b>-</b>	<b>182,009</b>
<b>TRANSFERS:</b>						
Transfers in	70,000	178,660	7,147	-	-	255,807
Transfers out	(1,572)	(74,610)	-	-	-	(76,182)
<b>Total transfers</b>	<b>68,428</b>	<b>104,050</b>	<b>7,147</b>	<b>-</b>	<b>-</b>	<b>179,625</b>
Net income (loss)	28,792	90,111	200,097	42,634	-	361,634
<b>NET POSITION:</b>						
Net position, beginning of year	(558,059)	3,345,893	1,530,250	(707,077)	-	3,611,007
Prior period adjustment	(5,707,084)	-	-	(1,426,771)	-	(7,133,855)
Net position, end of year	<b>\$ (6,236,351)</b>	<b>\$ 3,436,004</b>	<b>\$ 1,730,347</b>	<b>\$ (2,091,214)</b>	<b>\$ -</b>	<b>\$ (3,161,214)</b>

**CITY OF VACAVILLE  
INTERNAL SERVICE FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users	\$ 3,877,333	\$ 258,793	\$ 1,474,193	\$ 3,462,001	\$ 5,223,021	\$ 14,295,341
Payments to suppliers	(2,950,491)	336,374	(896,962)	(1,575,874)	(5,223,021)	(10,309,974)
Payments to employees	(954,964)	-	-	(833,779)	262,823	(1,525,920)
Claims paid	-	-	-	(591,789)	-	(591,789)
<b>Net cash provided by (used in) operating activities</b>	<b>(28,122)</b>	<b>595,167</b>	<b>577,231</b>	<b>460,559</b>	<b>262,823</b>	<b>1,867,658</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Due to/(from) other funds	(40,306)	-	-	40,306	-	-
Transfers in	70,000	178,660	7,147	-	-	255,807
Transfers out	(1,572)	(74,610)	-	-	-	(76,182)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>28,122</b>	<b>104,050</b>	<b>7,147</b>	<b>40,306</b>	<b>-</b>	<b>179,625</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Net proceeds from issuance of long-term debt	-	507,647	-	-	-	507,647
Acquisition of capital assets	-	(1,021,045)	(322,129)	-	-	(1,343,174)
Principal paid on capital debt	-	-	(223,753)	-	-	(223,753)
Interest paid	-	(3,668)	(18,673)	-	-	(22,341)
<b>Net cash used in capital and related financing activities</b>	<b>-</b>	<b>(517,066)</b>	<b>(564,555)</b>	<b>-</b>	<b>-</b>	<b>(1,081,621)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>-</b>	<b>182,151</b>	<b>19,823</b>	<b>500,865</b>	<b>262,823</b>	<b>965,662</b>
<b>CASH AND CASH EQUIVALENTS:</b>						
Cash and cash equivalents, beginning of year	-	2,204,828	702,867	4,813,090	459,445	8,180,230
Cash and investments	-	1,884,332	722,223	5,313,955	722,268	8,642,778
Restricted cash and investments	-	502,647	467	-	-	503,114
Cash and cash equivalents, end of year	<b>\$ -</b>	<b>\$ 2,386,979</b>	<b>\$ 722,690</b>	<b>\$ 5,313,955</b>	<b>\$ 722,268</b>	<b>\$ 9,145,892</b>

**CITY OF VACAVILLE  
INTERNAL SERVICE FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2015**

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN)</b>						
<b>OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ (39,636)	\$ (10,271)	\$ 211,623	\$ 42,634	\$ -	\$ 204,350
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	3,046	268,918	348,598	-	-	620,562
Changes in assets and liabilities:						
Decrease (increase) in prepaid expenses	605	-	(1,004)	-	-	(399)
Increase in inventories - supplies	(3,183)	-	-	-	-	(3,183)
Decrease in deposits	-	-	-	3,086	-	3,086
Increase in deferred outflows of resources - pension	(441,421)	-	-	(110,356)	-	(551,777)
Increase (decrease) in accounts and contracts payable	8,202	332,852	16,640	(4,467)	-	353,227
Increase in accrued payroll	3,027	-	-	1,354	59,434	63,815
Increase in interest payable	-	3,668	1,374	-	-	5,042
Increase in employee benefits payable	-	-	-	-	203,389	203,389
Decrease in pension liability	(269,479)	-	-	(67,370)	-	(336,849)
Increase in deferred inflow of resources - pension	710,717	-	-	177,678	-	888,395
Increase in claims payable	-	-	-	418,000	-	418,000
Total adjustments	11,514	605,438	365,608	417,925	262,823	1,663,308
<b>Net cash provided by (used for) operating activities</b>	<b>\$ (28,122)</b>	<b>\$ 595,167</b>	<b>\$ 577,231</b>	<b>\$ 460,559</b>	<b>\$ 262,823</b>	<b>\$ 1,867,658</b>



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## **FIDUCIARY FUND FINANCIAL STATEMENTS**

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### **OTHER DEPOSITS**

Authority, Solano County Transit, Community Action Partnership of Solano, refunding of permit monies, and restitution for crimes committed.

### **SPECIAL ASSESSMENTS**

To account for monies received through property tax to pay debt service for the Special Assessment Districts.

### **MULTIFAMILY HOUSING REVENUE BONDS**

To account for bond proceeds and repayment of debt service held in trust. The City participated in the issuance of the Multifamily Housing Revenue and Refunding Bonds Series 2000A, 1999 Series A, and Multifamily Mortgage Revenue Bonds 1988 Issue A.

**CITY OF VACAVILLE  
COMBING STATEMENT OF AGENCY FUNDS  
JUNE 30, 2015**

	OTHER DEPOSITS	SPECIAL ASSESSMENTS	MULTIFAMILY HOUSING REVENUE BOND PROCEEDS	TOTAL AGENCY
<b>Assets</b>				
Cash and investments	\$ 24,964,550	\$ 6,021,606	\$ 2,298,162	\$ 33,284,318
<b>Total Assets</b>	<u>\$ 24,964,550</u>	<u>\$ 6,021,606</u>	<u>\$ 2,298,162</u>	<u>\$ 33,284,318</u>
<b>Liabilities</b>				
Deposits payable	\$ 24,964,550	\$ -	\$ -	\$ 24,964,550
Due to bondholders	-	6,021,606	2,298,162	8,319,768
<b>Total Liabilities</b>	<u>\$ 24,964,550</u>	<u>\$ 6,021,606</u>	<u>\$ 2,298,162</u>	<u>\$ 33,284,318</u>

**CITY OF VACAVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

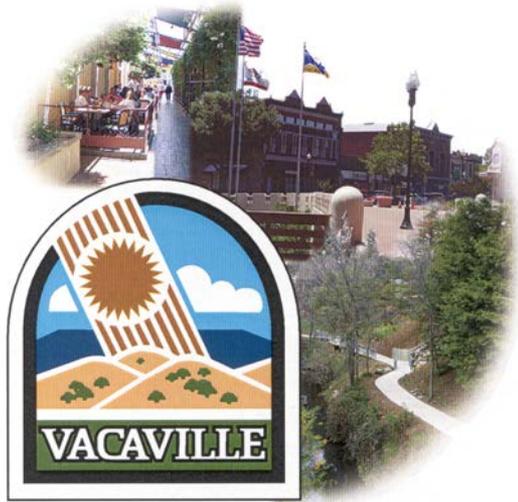
<u>OTHER DEPOSITS</u>	<u>BALANCES</u> <u>JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCES</u> <u>JUNE 30, 2015</u>
<b>Assets</b>				
Cash and investments	\$ 17,533,628	\$ 10,320,294	\$ 2,889,372	\$ 24,964,550
<b>Liabilities</b>				
Accounts and contract payable	\$ 9,561	\$ 1,977,172	\$ 1,986,733	\$ -
Deposits payable	17,524,067	9,538,954	2,098,471	24,964,550
Total Liabilities	\$ 17,533,628	\$ 11,516,126	\$ 4,085,204	\$ 24,964,550

**CITY OF VACAVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

<u>SPECIAL ASSESSMENTS</u>	<u>BALANCES</u> <u>JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCES</u> <u>JUNE 30, 2015</u>
<b>Assets</b>				
Cash and investments	\$ 7,807,884	\$ 5,455,487	\$ 7,241,765	\$ 6,021,606
<b>Liabilities</b>				
Due to bondholders	\$ 7,807,884	\$ 5,455,487	\$ 7,241,765	\$ 6,021,606

**CITY OF VACAVILLE**  
**STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	<u>BALANCES</u> <u>JULY 1, 2014</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>BALANCES</u> <u>JUNE 30, 2015</u>
<b><u>MULTIFAMILY HOUSING REVENUE BONDS</u></b>				
<b><u>Assets</u></b>				
Cash and investments	\$ 2,141,150	\$ 1,138,429	\$ 981,417	\$ 2,298,162
<b><u>Liabilities</u></b>				
Due to bondholders	\$ 2,141,150	\$ 1,138,429	\$ 981,417	\$ 2,298,162



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## STATISTICAL SECTION

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This part of the City of Vacaville's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Schedule 1

**CITY OF VACAVILLE**  
**Net Position by Component,**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)  
 (expressed in thousands of dollars)

	<b>Fiscal Year</b>									
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Governmental activities										
Net investment in capital assets	\$ 400,267	\$ 418,360	\$ 420,604	\$ 431,692	\$ 407,621	\$ 422,965	\$ 406,869	\$ 388,546	\$ 375,201	\$ 362,498
Restricted	59,774	22,122	19,306	27,189	27,685	15,519	28,588	38,832	36,382	33,683
Unrestricted	<u>(125,004)</u>	<u>35,258</u>	<u>34,732</u>	<u>14,452</u>	<u>70,762</u>	<u>68,304</u>	<u>71,554</u>	<u>80,491</u>	<u>83,305</u>	<u>74,486</u>
Total governmental activities net position	<u>335,037</u>	<u>475,740</u>	<u>474,642</u>	<u>473,333</u>	<u>506,068</u>	<u>506,788</u>	<u>507,011</u>	<u>507,869</u>	<u>494,888</u>	<u>470,666</u>
Business-type activities										
Net investment in capital assets	205,054	204,329	227,804	214,851	216,439	213,956	194,484	187,090	180,813	159,094
Restricted	102	473	2,309	-	-	-	-	-	-	-
Unrestricted	<u>80,293</u>	<u>102,150</u>	<u>70,344</u>	<u>79,401</u>	<u>75,025</u>	<u>78,818</u>	<u>88,016</u>	<u>91,178</u>	<u>88,653</u>	<u>94,960</u>
Total business-type activities net position	<u>285,449</u>	<u>306,952</u>	<u>300,457</u>	<u>294,252</u>	<u>291,464</u>	<u>292,774</u>	<u>282,500</u>	<u>278,268</u>	<u>269,466</u>	<u>254,053</u>
Primary government										
Net investment in capital assets	605,321	622,689	648,408	646,543	624,060	636,921	601,353	575,636	556,014	521,591
Restricted	59,876	22,595	21,615	27,189	27,685	15,519	28,588	38,832	36,382	33,683
Unrestricted	<u>(44,711)</u>	<u>137,408</u>	<u>105,076</u>	<u>93,853</u>	<u>145,787</u>	<u>147,122</u>	<u>159,570</u>	<u>171,669</u>	<u>171,958</u>	<u>169,446</u>
Total primary government net position	<u>\$ 620,486</u>	<u>\$ 782,692</u>	<u>\$ 775,099</u>	<u>\$ 767,585</u>	<u>\$ 797,532</u>	<u>\$ 799,562</u>	<u>\$ 789,511</u>	<u>\$ 786,137</u>	<u>\$ 764,354</u>	<u>\$ 724,720</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

Schedule 2

**CITY OF VACAVILLE**  
**Changes in Net Position, Primary Government**  
**Last Ten Fiscal Years**

(accrual basis of accounting)  
(expresses in thousands of dollars)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
Governmental activities	\$ 121,619	\$ 107,636	\$ 104,526	\$ 113,843	\$ 133,834	\$ 143,389	\$ 134,012	\$ 130,966	\$ 123,762	\$ 106,922
Business-type	49,775	50,193	49,291	44,493	44,388	41,401	38,950	36,251	37,360	34,338
Total primary government expenses	<u>171,394</u>	<u>157,829</u>	<u>153,817</u>	<u>158,336</u>	<u>178,222</u>	<u>184,790</u>	<u>172,962</u>	<u>167,217</u>	<u>161,122</u>	<u>141,261</u>
<b>Program Revenues</b>										
Governmental activities	41,012	44,265	34,627	33,006	41,311	45,251	39,990	40,817	52,432	46,169
Business-type	57,704	53,650	54,245	46,024	43,063	40,443	37,150	37,443	43,791	36,621
Total primary government program revenues	<u>98,716</u>	<u>97,915</u>	<u>88,872</u>	<u>79,030</u>	<u>84,374</u>	<u>85,694</u>	<u>77,140</u>	<u>78,260</u>	<u>96,223</u>	<u>82,790</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	(80,607)	(63,371)	(69,899)	(80,837)	(92,523)	(98,138)	(94,022)	(90,149)	(71,330)	(60,753)
Business-type	7,929	3,457	4,954	1,531	(1,325)	(958)	(1,800)	1,192	6,431	2,282
Total primary government net expense	<u>(72,678)</u>	<u>(59,914)</u>	<u>(64,945)</u>	<u>(79,306)</u>	<u>(93,848)</u>	<u>(99,096)</u>	<u>(95,822)</u>	<u>(88,957)</u>	<u>(64,899)</u>	<u>(58,471)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities	81,183	64,469	71,877	50,213	91,803	97,915	93,164	103,130	95,189	80,620
Business-type	3,978	3,038	2,477	554	8,245	11,232	6,032	8,802	9,344	4,918
Total primary government	<u>85,161</u>	<u>67,507</u>	<u>74,354</u>	<u>50,767</u>	<u>100,048</u>	<u>109,147</u>	<u>99,196</u>	<u>111,932</u>	<u>104,533</u>	<u>85,539</u>
<b>Changes in Net Position</b>										
Governmental activities	576	1,098	1,978	(30,624)	(720)	(223)	(858)	12,981	23,859	19,867
Business-type	11,907	6,495	7,431	2,085	6,920	10,274	4,232	9,994	15,775	7,201
Total primary government	<u>\$ 12,483</u>	<u>\$ 7,593</u>	<u>\$ 9,409</u>	<u>\$ (28,539)</u>	<u>\$ 6,200</u>	<u>\$ 10,051</u>	<u>\$ 3,374</u>	<u>\$ 22,975</u>	<u>\$ 39,634</u>	<u>\$ 27,068</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

Schedule 2a

**CITY OF VACAVILLE**  
**Changes in Net Position, Governmental Activities**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)  
 (expressed in thousands of dollars)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Expenses</b>										
General Government	\$ 10,997	\$ 10,446	\$ 8,439	\$ 6,803	\$ 4,633	\$ 7,540	\$ 8,594	\$ 10,388	\$ 12,627	\$ 11,034
Public Safety	52,077	49,612	46,731	46,439	45,563	46,573	46,837	45,705	40,606	36,498
Public Works	21,159	21,135	23,099	19,978	26,091	25,464	25,069	21,328	22,432	18,313
Community Services	12,258	12,118	11,601	12,423	12,467	13,490	12,578	12,856	12,128	11,964
Housing	24,623	13,805	14,425	14,637	15,209	14,567	16,189	13,795	13,013	15,348
Redevelopment	-	-	-	11,982	25,720	31,596	19,671	21,500	17,753	8,684
Interest on long-term debt	505	520	231	1,581	4,151	4,159	5,074	5,394	5,203	5,082
<b>Total governmental activities expenses</b>	<b>121,619</b>	<b>107,636</b>	<b>104,526</b>	<b>113,843</b>	<b>133,834</b>	<b>143,389</b>	<b>134,012</b>	<b>130,966</b>	<b>123,762</b>	<b>106,922</b>
<b>Program Revenues</b>										
Charges for services:										
General Government	4,382	3,476	3,026	2,866	4,359	2,737	3,266	3,827	5,147	4,215
Public Safety	3,715	3,503	3,673	3,497	3,457	4,204	4,658	4,498	4,280	4,014
Public Works	778	2,429	486	125	288	594	870	311	545	2,531
Community Services	6,333	6,426	6,226	6,007	5,863	5,829	5,687	5,984	5,494	5,330
Housing	426	928	929	975	855	661	387	397	479	761
Redevelopment	-	-	-	-	103	103	103	103	159	245
Operating grants and contributions	13,817	13,831	14,339	15,330	16,360	15,718	14,338	17,386	14,651	16,011
Capital grants and contributions	11,561	13,672	5,948	4,206	10,026	15,405	10,681	8,311	21,677	13,063
<b>Total governmental activities program revenues</b>	<b>41,012</b>	<b>44,265</b>	<b>34,627</b>	<b>33,006</b>	<b>41,311</b>	<b>45,251</b>	<b>39,990</b>	<b>40,817</b>	<b>52,432</b>	<b>46,169</b>
<b>Net (Expense)/Revenue</b>	<b>(80,607)</b>	<b>(63,371)</b>	<b>(69,899)</b>	<b>(80,837)</b>	<b>(92,523)</b>	<b>(98,138)</b>	<b>(94,022)</b>	<b>(90,149)</b>	<b>(71,330)</b>	<b>(60,753)</b>
<b>General Revenues and Other Changes in Net Position</b>										
Taxes										
Property taxes	35,283	32,855	31,805	43,463	61,385	64,348	65,731	63,793	55,145	48,450
Sales taxes	23,627	22,215	17,596	15,766	15,218	13,787	14,077	14,984	16,474	16,116
Franchise taxes	3,925	3,578	3,471	2,461	2,441	2,383	2,352	2,248	2,643	2,004
Transient lodging tax	1,398	1,194	1,067	986	955	929	930	1,005	1,048	942
Business license tax	339	325	315	291	290	281	298	306	319	290
Excise tax	2,407	2,431	2,322	2,302	2,262	2,258	2,169	2,234	2,217	2,251
Gasoline tax	2,703	3,050	2,211	2,717	2,426	1,596	1,564	1,719	1,772	1,776
Other taxes	-	-	-	-	-	-	-	-	-	-
Vehicle license taxes	-	-	41	-	569	290	283	417	595	596
Fines, penalties and forfeitures	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Payments in lieu of services	-	-	-	-	-	-	-	-	-	-
Investment income	875	668	728	437	1,145	2,112	2,998	13,957	6,279	4,320
Developer contributions	-	-	-	-	-	-	-	-	-	-
Unrestricted capital contributions	4,050	898	1,165	2,271	3,856	7,592	431	2,861	6,863	3,785
Loss on sale of property	-	-	-	-	-	-	-	-	-	-
Special Item - gain on dissolution of Redevelopment	3,815	(3,815)	4,482	(22,403)	-	-	-	-	-	-
Miscellaneous	2,938	1,145	6,642	827	667	1,724	1,990	1,331	1,791	58
Transfers	(177)	(75)	32	1,095	589	615	341	(1,725)	43	31
<b>Total governmental activities</b>	<b>81,183</b>	<b>64,469</b>	<b>71,877</b>	<b>50,213</b>	<b>91,803</b>	<b>97,915</b>	<b>93,164</b>	<b>103,130</b>	<b>95,189</b>	<b>80,620</b>
<b>Changes in Net Position</b>	<b>\$ 576</b>	<b>\$ 1,098</b>	<b>\$ 1,978</b>	<b>\$ (30,624)</b>	<b>\$ (720)</b>	<b>\$ (223)</b>	<b>\$ (858)</b>	<b>\$ 12,981</b>	<b>\$ 23,859</b>	<b>\$ 19,867</b>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

**Schedule 2b**

**CITY OF VACAVILLE**  
**Changes in Net Position, Business-Type Activities**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)  
 (expressed in thousands of dollars)

	<b>Fiscal Year</b>									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b>Expenses</b>										
Sewer	\$ 28,480	\$ 26,659	\$ 23,502	\$ 23,792	\$ 23,464	\$ 22,611	\$ 21,284	\$ 18,710	\$ 19,800	\$ 18,230
Water	17,747	20,063	21,731	16,637	16,601	16,124	15,282	14,976	15,059	13,135
Transit	3,548	3,471	4,058	4,064	4,323	2,666	2,384	2,565	2,501	2,974
<b>Total business-type activities expenses</b>	<u>49,775</u>	<u>50,193</u>	<u>49,291</u>	<u>44,493</u>	<u>44,388</u>	<u>41,401</u>	<u>38,950</u>	<u>36,251</u>	<u>37,360</u>	<u>34,338</u>
<b>Program Revenues</b>										
Charges for services:										
Sewer	33,071	32,222	29,017	25,340	22,793	19,478	18,071	18,269	18,322	17,193
Water	15,361	16,514	16,010	14,665	14,071	13,412	12,608	12,323	11,463	10,109
Transit	487	456	502	503	406	377	359	411	356	363
Operating grants and contributions	1,807	1,865	2,248	2,109	1,696	1,674	1,675	1,812	1,810	2,090
Capital grants and contributions	6,978	2,593	6,468	3,407	4,097	5,502	4,437	4,628	11,840	6,866
<b>Total business-type activities program revenues</b>	<u>57,704</u>	<u>53,650</u>	<u>54,245</u>	<u>46,024</u>	<u>43,063</u>	<u>40,443</u>	<u>37,150</u>	<u>37,443</u>	<u>43,791</u>	<u>36,621</u>
<b>Net (Expense)/Revenue</b>	<u>7,929</u>	<u>3,457</u>	<u>4,954</u>	<u>1,531</u>	<u>(1,325)</u>	<u>(958)</u>	<u>(1,800)</u>	<u>1,192</u>	<u>6,431</u>	<u>2,282</u>
<b>General Revenues and Other Changes in Net Position</b>										
Taxes										
Property taxes	101	92	91	91	84	83	81	90	89	87
Investment income	540	202	97	375	946	517	(85)	2,237	1,795	(195)
Unrestricted capital contributions	1,452	2,540	1,045	1,173	7,439	10,070	4,700	1,769	5,887	2,234
Miscellaneous	1,708	129	1,276	10	365	1,177	3,032	2,981	1,616	2,823
Special item	-	-	-	-	-	-	(1,355)			
Transfers	177	75	(32)	(1,095)	(589)	(615)	(341)	1,725	(43)	(31)
<b>Total business-type activities</b>	<u>3,978</u>	<u>3,038</u>	<u>2,477</u>	<u>554</u>	<u>8,245</u>	<u>11,232</u>	<u>6,032</u>	<u>8,802</u>	<u>9,344</u>	<u>4,918</u>
<b>Changes in Net Position</b>	<u>\$ 11,907</u>	<u>\$ 6,495</u>	<u>\$ 7,431</u>	<u>\$ 2,085</u>	<u>\$ 6,920</u>	<u>\$ 10,274</u>	<u>\$ 4,232</u>	<u>\$ 9,994</u>	<u>\$ 15,775</u>	<u>\$ 7,201</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

**Schedule 3**

**CITY OF VACAVILLE**  
**Fund Balances, Governmental Funds,**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(expressed in thousands of dollars)

	<b>Fiscal Year</b>									
	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,278	\$ 513	\$ 938	\$ 541	\$ 899
Unreserved	-	-	-	-	-	3,149	5,370	10,664	13,518	14,139
Nonspendable	3,185	185	234	767	2,635	-	-	-	-	-
Restricted	102	118	143	128	115	-	-	-	-	-
Committed	-	-	-	-	1,012	-	-	-	-	-
Assigned	2,674	2,855	1,419	667	251	-	-	-	-	-
Unassigned	16,101	8,587	8,068	-	(89)	-	-	-	-	-
Total general fund	<u>\$ 22,062</u>	<u>\$ 11,745</u>	<u>\$ 9,864</u>	<u>\$ 1,562</u>	<u>\$ 3,924</u>	<u>\$ 4,427</u>	<u>\$ 5,883</u>	<u>\$ 11,602</u>	<u>\$ 14,059</u>	<u>\$ 15,038</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 66,921	\$ 77,773	\$ 81,231	\$ 71,750	\$ 67,158
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	16,898	17,388	15,256	17,108	16,977
Capital projects funds	-	-	-	-	-	9,452	(1,931)	9,782	12,674	1,343
Debt service funds	-	-	-	-	-	353	498	601	708	2,319
Nonspendable	-	97	194	1,003	2,556	-	-	-	-	-
Restricted	58,340	21,753	17,755	45,540	83,046	-	-	-	-	-
Committed	-	-	-	-	13,198	-	-	-	-	-
Assigned	12,137	608	-	21	94	-	-	-	-	-
Unassigned	(175)	(250)	(1,309)	(3,601)	(4,285)	-	-	-	-	-
Total all other governmental funds	<u>\$ 70,302</u>	<u>\$ 22,208</u>	<u>\$ 16,640</u>	<u>\$ 42,963</u>	<u>\$ 94,609</u>	<u>\$ 93,624</u>	<u>\$ 93,728</u>	<u>\$ 106,870</u>	<u>\$ 102,240</u>	<u>\$ 87,797</u>

*The City of Vacaville implemented GASB 54 for the fiscal year ended June 30, 2011, which has revised classifications of fund balances.*

Schedule 4

**CITY OF VACAVILLE**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(expressed in thousands of dollars)

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
Taxes and fees	\$ 77,766	\$ 75,450	\$ 62,910	\$ 69,404	\$ 87,292	\$ 90,971	\$ 91,125	\$ 91,052	\$ 88,262	\$ 80,627
Licenses and permits	1,545	1,264	1,212	1,403	1,022	877	1,498	1,596	2,496	708
Investment income	1,701	1,157	1,108	898	3,464	2,955	3,499	15,026	7,058	5,104
Intergovernmental	20,178	21,144	19,752	21,586	27,950	29,010	24,052	24,265	30,958	23,487
Charges for services	10,088	11,356	8,834	7,793	7,908	9,200	9,733	9,664	9,906	12,566
Fines, penalties and forfeitures	235	287	352	430	409	514	494	471	491	460
AB 1484 County distribution	-	-	4,482	-	-	-	-	-	-	-
Other	1,934	767	2,665	764	977	966	2,047	992	3,613	704
<b>Total revenues</b>	<b>113,447</b>	<b>111,425</b>	<b>101,315</b>	<b>102,278</b>	<b>129,022</b>	<b>134,493</b>	<b>132,448</b>	<b>143,066</b>	<b>142,784</b>	<b>123,656</b>
<b>Expenditures</b>										
General government	9,509	9,093	7,580	6,105	6,087	6,321	8,333	9,390	11,788	10,493
Public Safety	50,112	46,950	44,868	45,161	43,849	45,130	46,224	44,560	41,657	36,851
Public Works	6,904	6,196	5,993	5,851	6,020	6,136	6,786	7,566	7,076	6,224
Community Services	11,387	11,474	11,066	11,810	11,787	12,889	11,974	12,159	11,506	11,367
Housing	13,207	13,258	14,520	14,928	15,152	14,545	16,215	13,787	13,018	15,363
Redevelopment	-	-	-	11,818	24,598	30,789	23,868	21,533	17,531	18,042
Intergovernmental	-	-	-	-	-	-	-	-	-	-
Shared Revenues	-	-	-	-	-	-	-	-	-	-
Capital Outlay	10,236	11,002	9,712	8,423	13,012	13,378	21,071	25,755	35,607	38,123
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	961	1,737	3,443	3,712	4,511	3,749	15,677	3,456	4,932	2,816
Interest and fiscal charges	483	572	541	2,284	4,142	4,365	5,088	5,313	5,874	5,572
<b>Total expenditures</b>	<b>102,799</b>	<b>100,282</b>	<b>97,723</b>	<b>110,092</b>	<b>129,158</b>	<b>137,302</b>	<b>155,236</b>	<b>143,519</b>	<b>148,989</b>	<b>144,850</b>
Excess (deficiency) of revenues over (under) expenditures	10,648	11,143	3,592	(7,814)	(136)	(2,809)	(22,788)	(453)	(6,205)	(21,194)
<b>Other Financing Sources (uses)</b>										
Transfers in	4,645	4,186	5,819	48,953	17,610	15,008	13,888	15,171	18,144	23,976
Transfers out	(4,897)	(4,331)	(5,846)	(47,983)	(17,185)	(13,963)	(13,224)	(15,476)	(18,161)	(25,275)
Sale of capital assets	240	105	3	1,270	31	203	3,024	70	361	8,497
Issuance of debt and loans	6,000	161	6,994	-	163	-	239	2,860	19,325	5,290
Unrestricted capital contributions	-	-	-	-	-	-	-	-	-	-
Proceeds of refunding bonds and certificates of participation	-	-	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>5,988</b>	<b>121</b>	<b>6,970</b>	<b>2,240</b>	<b>619</b>	<b>1,248</b>	<b>3,927</b>	<b>2,625</b>	<b>19,669</b>	<b>12,488</b>
Extraordinary gain/(loss)	3,815	(3,815)	-	(45,641)	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 20,451</b>	<b>\$ 7,449</b>	<b>\$ 10,562</b>	<b>\$ (51,215)</b>	<b>\$ 483</b>	<b>\$ (1,561)</b>	<b>\$ (18,861)</b>	<b>\$ 2,172</b>	<b>\$ 13,464</b>	<b>\$ (8,706)</b>
Debt services as a percentage of noncapital expenditures	1.5%	2.5%	4.2%	5.8%	7.0%	6.0%	14.8%	9.3%	14.0%	12.4%

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.

**Schedule 5**

**CITY OF VACAVILLE**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**  
(expressed in thousands of dollars)

Fiscal Year Ended June 30,	City					Redevelopment Agency					Total Direct Tax Rate
	Secured	Nonunitary Utilities	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value		
2015	\$ 10,696,951	\$ 240	\$ 378,843	\$ (759,342)	\$ 10,316,692	\$ -	\$ -	\$ -	\$ -	0.216%	
2014	9,942,612	240	365,046	(776,951)	9,530,947	-	-	-	-	0.220%	
2013	9,430,496	240	388,656	(767,410)	9,051,982	-	-	-	-	0.516%	
2012	9,683,084	234	366,082	(686,886)	9,362,514	3,348,177	234,200	(12,817)	3,569,560	0.518%	
2011	9,925,910	234	383,112	(718,975)	9,590,281	3,509,267	228,673	(13,111)	3,724,829	0.526%	
2010	10,289,741	234	363,728	(715,811)	9,937,892	3,631,032	230,204	(13,071)	3,848,165	0.527%	
2009	10,812,536	234	290,993	(508,057)	10,595,706	3,597,849	178,363	(13,122)	3,763,090	0.513%	
2008	10,510,630	223	283,351	(403,014)	10,391,190	2,960,637	172,093	(13,243)	3,119,487	0.493%	
2007	9,011,342	231	259,110	(246,012)	9,024,671	2,514,697	167,430	(13,280)	2,668,847	0.465%	
2006	7,862,754	231	241,095	(221,247)	7,882,833	2,360,718	149,711	(13,476)	2,496,952	0.455%	

*The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003.*

Source: HDL Coren & Cone, Solano County Assessor 2005/06 - 2014/15 Combined Tax Rolls

Note: The assessed value is 100 percent of actual value for all types of secured and unsecured property. Tax rates are per \$1,000 of assessed value.

**Schedule 6**

**CITY OF VACAVILLE  
Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years**

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>City Direct Rates:</b>										
City basic rate	0.24267%	0.24267%	0.27352%	0.27354%	0.27350%	0.27350%	0.27343%	0.27352%	0.27362%	0.27370%
Redevelopment agency	0.00000%	0.00000%	0.00000%	1.03087%	1.03084%	1.03083%	1.03076%	1.03085%	1.03095%	1.03103%
Total City Direct Rate	0.21596%	0.22018%	0.51629%	0.51806%	0.52590%	0.52677%	0.51289%	0.49309%	0.46522%	0.45536%
<b>Overlapping Rates:</b>										
Basic Levy*	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Davis Unified	0.05691%	0.05222%	0.05487%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
Dixon Unified School Bonds	0.00000%	0.00000%	0.00000%	0.06717%	0.05170%	0.05456%	0.00000%	0.00000%	0.00000%	0.00000%
Dixon USD GOB Series 2005							0.02131%	0.01958%	0.02335%	0.02902%
Dixon USD GOB Series 2006							0.00844%	0.00898%	0.00829%	0.00000%
Dixon USD State Repay							0.00000%	0.00000%	0.00000%	0.00000%
DUSD GOB Series 2003							0.01724%	0.01808%	0.01760%	0.01440%
Fairfield/Suisun USD GOB 2002S	0.05176%	0.05018%	0.05547%	0.05313%	0.05206%	0.05071%	0.01894%	0.01852%	0.02066%	0.02252%
Fairfield/Suisun USD GOB 2004S							0.02152%	0.02005%	0.02097%	0.02345%
Sc Fld State Wtr Prj Zone Ben#1	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%
Scc Gob Series 2003A	0.03672%	0.03955%	0.02060%	0.02016%	0.01945%	0.01846%	0.01240%	0.01189%	0.01211%	0.01643%
Solano Community College Gob Series 2006B							0.00258%	0.00269%	0.00336%	0.00000%
City of Vacaville	0.03080%	0.03086%	0.03085%	0.03087%	0.03084%	0.03083%	0.03076%	0.03085%	0.03095%	0.03103%
Vacaville Unified School Bonds	0.05921%	0.07033%	0.06550%	0.06941%	0.06315%	0.05906%	0.00000%	0.00000%	0.00000%	0.00000%
VV USD GOB Refunding Ser 2005							0.02109%	0.02256%	0.02293%	0.02388%
VV USD GOB Series 2005							0.01107%	0.01095%	0.02617%	0.02602%
VV USD Meas V GOB Series 2007							0.01590%	0.02055%	0.00000%	0.00000%
VV USD Meas V GOB Series 2002							0.00000%	0.00000%	0.00000%	0.00000%
VV USD Meas V GOB Series 2003							0.00000%	0.00000%	0.00000%	0.00000%
	1.25540%	1.26314%	1.24729%	1.26074%	1.23720%	1.23362%	1.20125%	1.20470%	1.20639%	1.20675%

Because basic and debt rates vary by tax rate area individual rates cannot be summed. Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information. Beginning in 2013/2014, the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/2013.

Redevelopment agency (RDA) rate is based on the largest RDA tax rate areas (TRA) and includes only the rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of California Assembly Bill ABX1 26 eliminated RDA from the State of California for the fiscal year 2012/13 and years thereafter.

\*In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property value for the payment of any voter approved bonds.

Starting 2010, tax rates are reported by agency not by bond.

Source: HDL Coren & Cone, Solano County Assessor 2005/06 - 2014/15 Tax Rate Table

**Schedule 7**

**CITY OF VACAVILLE  
Principal Property Tax Payers  
Current Year and Ten Years Ago**

Taxpayer	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable	Taxable Assessed Value	Rank	Percentage of Total City Taxable
			Assessed Value			Assessed Value
Genentech Inc.	\$ 877,950,586	1	8.510%	\$ 344,496,548	1	4.370%
Alza Corporation	238,033,322	2	2.307%	132,299,634	2	1.678%
CPG Finance II LLC	100,115,583	3	0.970%	53,646,599	4	0.681%
Nut Tree Dunhill I LLC	90,339,293	4	0.876%			
Novartis Animal Health US Inc	67,291,219	5	0.652%			
Sequoia Equities - River Oaks	53,886,143	6	0.522%			
6801 Leisure Town Road Apt Invest	53,452,502	7	0.518%			
State Compensation Insurance Fund	51,197,200	8	0.496%			
Walmart/Sams Club	47,813,247	9	0.463%			
Central Valley Industries Core H LLC	44,894,711	10	0.435%			
A.G. Spanos Trust				59,838,345	3	0.759%
Chiron Corporation				49,994,066	5	0.634%
SSR Western Multifamily LLC				45,689,320	6	0.580%
Marvin L. Oates Trust				36,453,237	7	0.462%
Knickerbocker Prop Inc XXXVIII				31,931,647	8	0.405%
RM Vacaville Limited				31,856,992	9	0.404%
Travis Credit Union				31,123,438	10	0.395%

Source: HDL Coren & Cone, Solano County 2005/06 & 2014/2015 Combined Tax Rolls and the SBE Non Unitary Tax Roll.

**Schedule 8**

**CITY OF VACAVILLE  
Property Tax Levies and Collections  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30,</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>			<b>Total Collections to Date</b>		
		<b>Amount</b>	<b>Percentage of Levy</b>	<b>Supplemental/Prior Years Collections</b>	<b>Amount</b>	<b>Percentage of Levy</b>	
2015	\$ 11,390,987	\$ 11,390,987	100.00%	\$ 219,506	\$ 11,610,493	101.93%	
2014	10,303,894	10,303,894	100.00%	330,585	10,634,479	103.21%	
2013	12,809,959	12,809,959	100.00%	76,530	12,886,489	100.60%	
2012	11,259,697	11,259,697	100.00%	84,765	11,344,462	100.75%	
2011	10,140,845	10,140,845	100.00%	215,790	10,356,635	102.13%	
2010	10,344,568	10,344,568	100.00%	(50,956)	10,293,612	99.51%	
2009	11,436,989	11,436,990	100.00%	54,823	11,491,812	100.48%	
2008	11,789,745	11,789,745	100.00%	597,191	12,386,936	105.07%	
2007	10,858,100	10,858,100	100.00%	945,990	11,804,090	108.71%	
2006	9,763,689	9,763,689	100.00%	1,681,759	11,445,448	117.22%	

Article XIII A of the California Constitution (more commonly known as Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also establishes the 1975/76 assessed valuation as the base and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the article from imposing new ad valorem, sales or transactions taxes on real property. Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors.

In addition to the City's property tax levies for voter-approved debt, Solano County levies property taxes limited to \$1 to \$100 of assessed valuation for county, cities, schools and special districts operating expenses. This additional property tax levy is distributed to the different governmental agencies under the State mandated alternate method of apportioning taxes (commonly referred to as the "Teeter Plan") whereby all local agencies, including cities, receive from the county 100% of their respective shares of the amount of ad valorem taxes levied, without regard to the actual collection of the taxes levied. This method was placed in effect by Solano County in the 1965/1966 tax year and remains in effect unless the County Board of Supervisors orders its discontinuance.

Source: Solano County Auditor Controller's Office.

Schedule 9

CITY OF VACAVILLE  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities						Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita	Special Assessment Bonds
	City Loans	Redevelopment Loans	Certificates of Participation	Redevelopment Bonds	Capital Leases	Total Governmental Activities	State Revolving Loan	Capital Leases	City Loans	Total Business-type Activities					
2015	\$ 742,500	\$ -	\$ -	\$ -	\$ 14,976,298	\$ 15,718,798	\$ 142,630,945	\$ 7,282,233	\$ -	\$ 149,913,178	\$ 165,631,976	5.99%	\$ 1,749	\$ 12,480,000	
2014	810,000	-	-	-	10,093,165	10,903,165	137,072,464	7,226,227	-	144,298,691	155,201,856	5.64%	1,658	14,560,000	
2013	877,500	-	1,175,000	-	10,520,257	12,572,757	88,894,322	7,293,616	-	96,187,938	108,760,695	3.97%	1,174	17,040,000	
2012 *	2,776,805	-	2,285,000	-	3,264,085	8,325,890	81,800,867	363,011	-	82,163,878	90,489,768	3.45%	983	19,305,000	
2011	2,844,305	1,063,120	3,335,000	60,630,770	3,680,095	71,553,290	56,011,966	423,840	104,956	56,540,762	128,094,052	5.21%	1,377	22,325,000	
2010	3,353,055	1,202,228	4,330,000	63,144,510	3,878,801	75,908,594	59,286,601	482,232	204,956	59,973,789	135,882,383	4.85%	1,396	31,740,000	
2009	3,420,555	1,412,320	5,270,000	65,329,440	4,225,557	79,657,872	62,475,097	538,283	304,956	63,318,336	142,976,208	5.30%	1,482	36,440,000	
2008	3,620,769	1,616,772	17,375,000	68,095,560	4,386,742	95,094,843	65,579,716	365,883	404,956	66,350,555	161,445,398	6.14%	1,666	38,910,000	
2007	1,587,485	1,809,596	18,540,000	69,572,870	4,180,923	95,690,874	65,621,100	62,507	-	65,683,607	161,374,481	6.19%	1,672	42,625,000	
2006	2,007,430	1,792,420	19,645,000	53,386,370	4,466,613	81,297,833	68,437,147	120,000	-	68,557,147	149,854,980	5.87%	1,555	46,130,000	

\*On February 1, 2012 the Redevelopment Agency was dissolved under state law. See Footnote 14 for further discussion.

**Schedule 10**

**CITY OF VACAVILLE  
Direct and Overlapping Debt  
As of June 30, 2015**

City Assessed Valuation \$ 10,316,692,052

	<u>Percentage Applicable</u>	<u>Outstanding Debt</u>	<u>Estimated Share of Overlapping Debt</u>
	(1)		
<b>Overlapping Tax and Assessment Debt:</b>			
Solano County Community College District	24.422%	\$ 214,806,989	\$ 52,460,163
Dixon Unified School District	0.386%	27,006,740	104,246
Fairfield-Suisun Joint Unified School District	0.060%	74,915,000	44,949
Vacaville Unified School District	90.361%	78,171,597	70,636,637
City of Vacaville 1915 Act Bonds	100.000%	14,550,000	14,550,000
Total overlapping debt repaid with property taxes		<u>409,450,326</u>	<u>137,795,995</u>
<b>Direct and Overlapping General Fund Debt:</b>			
Solano County Certificates of Participation	23.362%	100,105,000	23,386,530
Solano County Pension Obligations	23.362%	62,810,000	14,673,672
Solano County Board of Education Certificates of Participation	23.362%	1,360,000	317,723
Dixon Unified School District Certificates of Participation	0.386%	9,537,362	36,814
Fairfield-Suisun Joint Unified School District Certificates of Participation	0.060%	1,385,612	831
Travis Unified School District Certificates of Participation	58.077%	32,960,000	19,142,179
Vacaville Unified School District Certificates of Participation	90.361%	16,295,219	14,724,523
Total Overlapping other debt		<u>224,453,193</u>	<u>72,282,272</u>
<b>Overlapping Tax Increment Debt (Successor Agency):</b>	91.961%	<u>49,510,000</u>	<u>45,530,090</u>
Total Overlapping debt		<u>\$ 683,413,519</u>	255,608,357
City direct debt			<u>15,718,798</u>
Total direct and overlapping debt			<u>\$ 271,327,155</u> (2)

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the districts's total taxable assessed value

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

**Schedule 11**

**CITY OF VACAVILLE  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(expressed in thousands of dollars)**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>Fiscal Year 2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assessed value	\$ 10,316,692	\$ 9,530,947	\$ 9,051,982	\$ 9,362,514	\$ 9,590,281	\$ 9,937,892	\$ 10,595,706	\$ 10,391,190	\$ 9,024,671	\$ 7,882,834
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,579,173	2,382,737	2,262,996	2,340,629	2,397,570	2,484,473	2,648,927	2,597,798	2,256,168	1,970,708
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	386,876	357,411	339,449	351,094	359,636	372,671	397,339	389,670	338,425	295,606
Total net debt applicable to limit:	-	-	-	-	-	-	-	-	-	-
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 386,876</u>	<u>\$ 357,411</u>	<u>\$ 339,449</u>	<u>\$ 351,094</u>	<u>\$ 359,636</u>	<u>\$ 372,671</u>	<u>\$ 397,339</u>	<u>\$ 389,670</u>	<u>\$ 338,425</u>	<u>\$ 295,606</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: HDL Coren & Cone, Solano County 2005/2006 - 2014/2015 Combined Tax Rolls.

**Schedule 12**

**CITY OF VACAVILLE  
Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(expressed in thousands of dollars)**

Fiscal Year	Water Revenue Bonds						Tax Allocation Bonds				
	Water Revenue	Less Operating Expenses (1)	Net Available Revenue	Debt Service			Tax Increment (2)	Debt Service			
				Principal	Interest	Coverage		Principal	Interest	Coverage	
2015	\$ 15,361	\$ 14,881	\$ 480	\$ -	\$ -	-	\$ -	\$ 2,368	\$ 2,388	-	
2014	16,514	17,224	(710)	-	-	-	-	3,453	3,166	-	
2013	16,010	19,391	(3,381)	-	-	-	-	1,998	3,108	-	
2012	15,976	14,070	1,906	-	-	-	-	1,898	3,241	-	
2011	15,712	14,464	1,248	-	-	-	33,824	2,514	4,125	5.09	
2010	15,386	14,127	1,259	-	-	-	37,108	2,185	3,475	6.56	
2009	14,797	13,327	1,470	-	-	-	37,083	2,766	3,337	6.08	
2008	13,650	13,048	602	-	-	-	30,339	1,477	3,715	5.84	
2007	16,975	13,189	3,786	-	-	-	28,911	2,688	3,308	4.82	
2006	12,696	10,879	1,817	-	-	-	24,817	1,136	2,614	6.62	

Water Revenue Bonds paid in full fiscal year 1994/95--no outstanding revenue bond indebtedness

(1) Expenses-exclude depreciation and debt service.

(2) Due to the dissolution of the redevelopment agency in 2012, the tax allocation bonds secured by property tax increments will now be repaid from the Redevelopment Property Tax Trust Fund of the successor agency.

**Schedule 13**

**CITY OF VACAVILLE  
Demographic and Economic Statistics  
Last Ten Calendar Years**

<u>Year</u>	<u>Population</u> <sup>(1)</sup>	<u>Personal Income</u> <u>(thousands of dollars)</u> <sup>(2)</sup>	<u>Per Capita</u> <u>Personal Income</u>	<u>Unemployment</u> <u>Rate</u> <sup>(3)</sup>
2015	94,702	\$ 2,764,353	\$ 29,190	5.5%
2014	93,613	2,751,473	29,392	6.0%
2013	92,677	2,737,586	29,539	7.5%
2012	92,092	2,621,030	28,461	8.1%
2011	93,011	2,460,792	26,457	9.2%
2010	97,305	2,800,924	28,785	9.1%
2009	96,450	2,695,199	27,944	8.5%
2008	96,905	2,628,354	27,123	5.1%
2007	96,489	2,607,808	27,027	3.8%
2006	96,395	2,552,347	26,478	3.7%

Sources: (1) State of California Department of Finance (as of January 1st each year)  
(2) HDL Coren & Cone  
(3) State of California Employment Development Department (as of January each year)

**Schedule 14**

**CITY OF VACAVILLE  
Principal Employers  
Current Year and Ten Years Ago**

<b>Employer</b>	<b>2015</b>			<b>2006</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percent of Total Employment</b>
California State Department of Corrections	3,438	1	7.76%	2,576	1	5.87%
Kaiser Permanente	1,500	2	3.39%	500	6	1.14%
Vacaville Unified School District	1,380	3	3.12%	1,218	2	2.77%
Genentech	1,004	4	2.27%	810	4	1.85%
City of Vacaville	794	5	1.79%	770	5	1.75%
State Compensation Insurance Co.	509	6	1.15%			
Walmart	441	7	1.00%			
NorthBay VacaValley Hospital	437	8	0.99%	379	8	0.86%
Alza Corporation	383	9	0.86%			
Travis Credit Union	383	9	0.86%	1,100	3	2.51%
Simpson Dura-Vent	375	10	0.85%	375	9	0.85%
Hines Nursery, Inc.				400	7	0.91%
Albertson's Distribution Center				360	10	0.82%

Number of Employees data is obtained from area businesses. Businesses that did not respond to annual inquiry are excluded from schedule.

Source: State of California Employment Development Department & City survey of area businesses (as of January of each year)

**Schedule 15**

**CITY OF VACAVILLE  
Full-time Equivalent City Government Employees by Function/Program  
Last Ten Fiscal Years**

	<b>Full-time Equivalent Employees as of June 30, 2015</b>									
<b>Function/Program</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
General Government										
City Attorney	4	4	4	4	4	4	4	4	4	4
City Manager	7	6	6	6	9	9	10	11	12	11
Finance	23	24	24	23	22	23	27	27	26	26
Human Resources	9	9	9	9	8	10	10	11	10	9
Information Technology	8	7	7	7	7	7	12	14	14	16
Community Development	13	13	13	12	15	14	14	21	22	26
Police Department	149	145	143	143	151	161	170	171	171	158
Fire Department	75	78	76	69	74	75	85	82	84	73
Community Services	15	15	15	14	16	16	16	20	20	20
Housing and Successor Agency	15	15	14	18	29	29	35	31	28	30
Utilities	59	63	68	-	-	-	-	-	-	-
Public Works	70	87	83	152	168	161	174	177	174	160
<b>Total</b>	<b>447</b>	<b>466</b>	<b>462</b>	<b>457</b>	<b>503</b>	<b>509</b>	<b>557</b>	<b>569</b>	<b>565</b>	<b>533</b>

Starting fiscal year 2013, Sewer and Water Operations employees are reported in the Utilities function. In previous years, employees were included with Public Works.

**Schedule 16**

**CITY OF VACAVILLE  
Operating Indicators by Function/Program  
Last Ten Fiscal Years**

<b>Function/Program</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>Fiscal Year 2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Fire</b>										
Emergency responses	9,242	8,780	7,642	7,758	7,874	8,020	8,360	8,155	7,812	7,554
Inspections	1,251	1,292	903	1,152	1,035	1,296	1,698	1,464	792	1,172
<b>Parks and Recreation</b>										
Number of recreation registrants	33,824	32,358	32,744	33,533	34,915	33,884	32,706	29,895	31,662	32,805
Number of facility rentals	561	582	557	568	609	611	780	910	852	733
<b>Police Department</b>										
Physical arrests	4,555	3,523	2,977	2,966	3,504	3,874	4,051	4,303	4,264	4,133
Parking citations issued	3,615	3,614	3,983	4,184	5,193	6,582	6,359	8,090	12,649	12,114
<b>Public Works</b>										
Street resurfacing (miles)	34	-	-	4	-	-	31	28	26	N/A
Potholes repaired	952	453	586	545	758	420	336	277	98	130
<b>Transit</b>										
Total revenue route miles	568,463	569,139	584,797	587,521	353,354	423,357	406,916	401,288	394,636	402,164
Passengers	499,458	523,372	521,248	459,816	386,624	350,410	302,461	280,691	222,367	211,280
<b>Wastewater</b>										
Average daily sewage treatment (million gallons per day)	7	7	8	8	9	8	8	8	8	10
<b>Water</b>										
New Connections (meter sets)	273	170	145	84	214	325	188	166	277	290
Average daily consumption (thousands gallons per day)	12,879	13,353	14,498	13,398	13,847	13,913	15,571	16,386	16,495	15,319

Source: Various City Departments

**Schedule 17**  
**CITY OF VACAVILLE**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

<b>Function/Program</b>	<b>Fiscal Year</b>									
	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
<b>Fire</b>										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire Engines	12	12	12	12	11	11	11	11	9	8
<b>Parks and Recreation</b>										
Parks	34	30	30	30	30	30	30	30	30	30
Park Acres	572	566	513	513	513	513	513	513	513	513
Special Community Facilities	6	6	6	6	6	6	6	6	6	6
Neighborhood Centers	11	11	11	11	11	11	11	11	11	11
<b>Police Department</b>										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles (excluding motorcycles)	112	108	109	110	111	104	114	122	123	103
Police Motorcycles	9	7	9	9	9	9	9	9	9	9
<b>Public Works</b>										
Streets (centerline miles)	264	264	264	264	264	238	238	237	237	231
Traffic Signals	69	69	69	69	69	69	69	69	69	67
<b>Transit Buses</b>										
Fixed Route	18	18	15	15	15	12	12	12	12	12
Special Services	6	6	6	6	6	6	6	6	6	6
<b>Wastewater</b>										
Sewers (miles)	245	244	244	242	241	238	233	232	231	226
Storm Drain (miles)	147	145	145	144	143	140	134	134	132	128
Treatment Plants	1	1	1	1	1	1	1	1	1	3
<b>Water</b>										
Water Mains (miles)	291	290	289	288	286	283	278	277	276	269
Fire hydrants	3509	3,490	3,478	3,467	3,453	3,413	3,348	3,338	3,320	3,231
Reservoirs	8	8	8	9	9	8	8	8	8	8
Wells	12	12	12	13	13	13	13	13	13	12

Source: Various City Departments