

# Vacaville Redevelopment Agency Vacaville, California



Annual Financial Report  
A Component Unit of the City of Vacaville  
For the Year ended June 30, 2008



# Vacaville Redevelopment Agency Vacaville, California

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Annual Financial Report

A Component Unit of the City of Vacaville

For The Year Ended June 30, 2008

Prepared by:  
City of Vacaville  
Finance Department

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VACAVILLE REDEVELOPMENT AGENCY  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2008

TABLE OF CONTENTS

|  | <u>Pages</u> |
|--|--------------|
| Independent Auditor's Report   | 1            |
| Management's Discussion and Analysis   | 3            |
| Basic Financial Statements:  |              |
| Government-Wide Financial Statements:  |              |
| Statement of Net Assets  | 8            |
| Statement of Activities and Changes in Net Assets  | 9            |
| Fund Financial Statements:   |              |
| Government Funds:  |              |
| Balance Sheet  | 12           |
| Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets  | 14           |
| Statement of Revenues, Expenditures and Changes in Fund Balances   | 16           |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets               | 18           |
| Notes to Basic Financial Statements  | 19           |
| Required Supplementary Information:  |              |
| Budgetary Data   | 38           |
| Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual - Special Revenue Funds  | 39           |
| Supplementary Information:   |              |
| Combined Balance Sheet   | 42           |
| Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types  | 43           |
| Governmental Funds by Fund Type:   |              |
| Special Revenue Funds:   |              |
| Combining Balance Sheet  | 44           |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  | 45           |
| Debt Service Funds:  |              |
| Combining Balance Sheet  | 46           |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  | 47           |
| Capital Projects Funds:  |              |
| Combining Balance Sheet  | 48           |
| Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  | 49           |
| Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 51           |



## INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the Governing Board  
of the Vacaville Redevelopment Agency  
Vacaville, California

We have audited the accompanying basic financial statements of the government activities and each major fund of the Vacaville Redevelopment Agency (Agency), a component unit of the City of Vacaville, California (City), as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

Subsequent to the basic financial statement date of June 30, 2008 and the year then ended, the United States has entered into a Financial Credit Crisis. Although the United States Federal Government has taken actions that, at least in part, are intended to relieve and correct this Financial Credit Crisis, investments are subject to significant impairment and losses. To date, the City has not been informed and is not aware of any investment losses. Accordingly, such investment losses, if any, have not been reflected in the accompanying basic financial statement.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the Agency as of June 30, 2008, and the respective changes in financial position for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2008, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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To the Honorable Members of the Governing Board  
of the Vacaville Redevelopment Agency  
Vacaville, California  
Page 2

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis and budgetary comparison information as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it the Required Supplementary Information.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying Supplementary Information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Capricci & Carlson*

Oakland, California  
November 4, 2008

## Management's Discussion and Analysis

This discussion and analysis of the Vacaville Redevelopment Agency's (Agency) financial performance provides an overview of the Agency's financial activities for the fiscal year ended June 30, 2008. Please read it in conjunction with the accompanying basic financial statements and the notes to those financial statements.

### Financial Highlights

- The assets of the Agency exceeded its liabilities at the close of the most recent fiscal year by \$89.9 million (*net assets*).
- The Agency's total net assets increased by \$13.8 million.
- The Agency's total debt decreased by \$0.86 million during the current fiscal year. The decrease was the result of normal debt retirement (\$2.63 million) and debt proceeds of \$1.77 million.
- The most recent financial projections for Community Redevelopment Project Area I indicate that the cap on tax increment revenue will be reached prior to the final maturity of bonded indebtedness for that project area. Therefore, the Agency has begun setting aside funds for the early redemption of bonds and to ensure sufficient funds are available to fully retire the remaining outstanding indebtedness of Community Redevelopment Project Area I.
- During the year, the Agency extended \$1.77 million of advances to the City of Vacaville for development impact fees paid on behalf of State Compensation Insurance Fund and Nut Tree Associates.

### The Financial Statements

The financial statements presented herein include activities of the Vacaville Redevelopment Agency using the integrated approach as prescribed by GASB Statement No. 34.

### Reporting the Vacaville Redevelopment Agency

#### Statement of Net Assets and Statement of Activities

These statements report information about the Agency and its activities. The statements include *all* assets and liabilities of the Agency using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Agency's net assets and how the net assets have changed during the most recent fiscal year. Net assets are the difference between assets and liabilities, which is one way to measure the financial health, or *financial position*, of the Agency. Over time, *increases or decreases* in net assets are one indicator of whether the Agency's *financial health* is improving or deteriorating.

In the statement of net assets and the statement of activities, all Agency activities are reported as **Governmental activities**, supported principally by property tax revenues.

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds – it was determined that all funds within the Agency are major funds. Some funds are required to be established by state law or by bond covenants. Management may also establish other funds to help it manage its financial resources for particular purposes or to show it is meeting legal responsibilities for using certain taxes or other money.

**Governmental funds.** The Agency's basic activities are reported in *governmental funds*, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the *modified accrual* basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Agency's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's activities. The differences between results contained in the governmental funds financial statements

and the government-wide financial statements are explained in a reconciliation following each governmental funds financial statement.

### Government-wide Financial Analysis

As noted earlier, the net assets of the Agency at June 30, 2008 were \$89.9 million.

The Agency's combined net assets for the for the fiscal year ended June 30, 2008 were:

#### Summary of Net Assets

|   | 2008<br>(\$000's) | 2007<br>(\$000's) |
|---|-------------------|-------------------|
| Current assets                                  | \$91,690          | \$89,543          |
| Capital assets                                  | <u>79,120</u>     | <u>67,412</u>     |
| Total assets                                    | 170,810           | 156,955           |
| Long-term liabilities                           | 77,870            | 78,729            |
| Other liabilities                               | <u>3,032</u>      | <u>2,123</u>      |
| Total liabilities                               | 80,902            | 80,852            |
| Net assets:                                     |                   |                   |
| Invested in capital assets, net of related debt | 69,363            | 62,026            |
| Restricted                                      | 18,008            | 23,002            |
| Unrestricted                                    | <u>2,537</u>      | <u>(8,925)</u>    |
| Total net assets                                | <u>\$89,908</u>   | <u>\$76,103</u>   |

Presented in the statement of activities are program expenses and related charges by function, general revenues by major source, and the resulting change in net assets. Following is a summary of the current year's activity:

#### Summary of Current Year Activity

|                                    | 2008<br>(\$000's) | 2007<br>(\$000's) |
|------------------------------------|-------------------|-------------------|
| <b>REVENUES:</b>                   |                   |                   |
| Program Revenues:                  |                   |                   |
| Charges for services               | \$ 103            | \$ 159            |
| Operating grants and contributions | -                 | 12                |
| General Revenues:                  |                   |                   |
| Property taxes                     | 35,031            | 28,743            |
| Interest and other                 | <u>2,373</u>      | <u>4,165</u>      |
| Total revenues                     | 37,507            | 33,079            |
| <b>EXPENSES:</b>                   |                   |                   |
| Redevelopment                      | 17,508            | 22,921            |
| Housing                            | 2,134             | 1,120             |
| Interest on debt                   | <u>4,061</u>      | <u>3,868</u>      |
| Total expenses                     | <u>23,703</u>     | <u>27,909</u>     |
| Increase in net assets             | <u>\$13,804</u>   | <u>\$ 5,170</u>   |

The Agency is in positive position in unrestricted net assets by year end. This occurred due to increase in capital assets.

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

The Agency's special revenue fund at the end of the current year is \$33.4 million; an increase of \$2.0 over the previous year. The special revenue fund experienced increased tax increment revenues, which were offset by increased expenditures on affordable housing projects.

The Agency's debt service fund at the end of the current year is \$7.3 million; a decrease of \$29,050 over the previous year. This is primarily attributed to regularly scheduled debt maturities.

The Agency's capital project fund experienced a decrease of \$0.8 million during the year, ending with a balance of \$45.9 million. The capital project fund experienced increased tax increment revenues, \$1.7 million increase in Advances from the City, less expenditures on infrastructure capital improvement and affordable housing projects.

**Capital Assets**

The capital assets of the Agency are those assets used in the furtherance of the Agency's functions. As of June 30, 2008, net capital assets totaled \$80.6 million. Depreciation on capital assets is recognized in the government-wide financial statements, but not on the fund financial statements. Following is a summary of capital assets at year end:

|                            | (\$000's)        |                          |                  |
|----------------------------|------------------|--------------------------|------------------|
|                            | Original Cost    | Accumulated Depreciation | Book Value       |
| Land                       | \$ 47,399        | \$ -                     | \$ 47,399        |
| Buildings and improvements | 5,612            | 1,489                    | 4,123            |
| Intangibles                | 788              | -                        | 788              |
| Infrastructure             | 25,877           | -                        | 25,877           |
| Construction in progress   | 933              | -                        | 933              |
| <b>Total</b>               | <b>\$ 80,609</b> | <b>\$ 1,489</b>          | <b>\$ 79,120</b> |

**Debt Administration**

Long-term debt of the Agency decreased by \$0.86 million during the current fiscal year primarily due to increased indebtedness of \$1.78 million as well as scheduled debt maturities. Following is a summary of changes in long-term debt:

|                        | (\$000's)         |                    |                      |                   |
|------------------------|-------------------|--------------------|----------------------|-------------------|
|                        | Balance 6/30/2007 | Incurred or Issued | Satisfied or Matured | Balance 6/30/2008 |
| Tax allocation bonds   | \$ 69,573         | \$ -               | \$ 1,477             | \$ 68,096         |
| Loans payable          | 5,970             | -                  | 539                  | 5,431             |
| Advances from the City | 3,186             | 1,778              | 621                  | 4,343             |
| <b>Total</b>           | <b>\$ 78,729</b>  | <b>\$ 1,778</b>    | <b>\$ 2,637</b>      | <b>\$ 77,870</b>  |

**Redevelopment Fund Budgetary Highlights**

The Agency adopts annual budgets for the special revenue funds and project-length budgets for the capital project funds. The changes from the original appropriations were due to the issuance of loans and operating transfers between the housing and loan funds during the fiscal year. The budget variations were the direct result of housing efforts to clean-up blighted areas. Actual expenditures were \$0.1 million under budget for the year which was due to delays in rehabilitation of property purchased in prior and current fiscal year. The Housing fund received \$1.7 million more of property tax revenue than anticipated.

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

The key assumptions in our revenue forecast for the next fiscal year include:

- Property tax revenues within the redevelopment project areas will increase by two percent.
- Appeals by property owners of the assessed valuation of property will not exceed anticipated amounts.

The primarily assumptions affecting budgeted expenditures for next fiscal year include:

- Scheduled projects will remain within budget.
- The price of targeted property acquisitions will remain within anticipated price ranges.

**Requests for Information**

This financial report is designed to provide a general overview of the Vacaville Redevelopment Agency's finances and to show the Agency's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department at 650 Merchant Street, Vacaville, CA 95688, phone (707) 449-5117. Or you may visit our website at [www.cityofvacaville.com](http://www.cityofvacaville.com) for contact information.

**VACAVILLE REDEVELOPMENT AGENCY**

Government-Wide Financial Statements

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VACAVILLE REDEVELOPMENT AGENCY  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

|   | Governmental<br>Activities  |
|---|-----------------------------|
| <b>ASSETS</b>                                     |                             |
| Cash and investments                              | \$ 30,339,374               |
| Receivables, net of allowance for uncollectibles: |                             |
| Interest  | 55,125                      |
| Accounts  | 58,468                      |
| Loans   | 32,689,025                  |
| Advances to the City                              | 10,539,452                  |
| Prepaid items                                     | 1,405                       |
| Deferred charges                                  | 907,119                     |
| Restricted cash and investments                   | 17,100,155                  |
| Capital assets, non-depreciable                   | 49,120,389                  |
| Capital assets, net of depreciation               | <u>29,999,447</u>           |
| Total Assets                                      | <u><u>170,809,959</u></u>   |
| <br>  |                             |
| <b>LIABILITIES</b>                                |                             |
| Accounts and contract payable                     | 372,531                     |
| Accrued liabilities                               | 108,342                     |
| Deposits payable                                  | 1,314,980                   |
| Interest payable                                  | 1,236,493                   |
| Long-term liabilities:                            |                             |
| Long-term debt - due within one year              | 2,475,650                   |
| Long-term debt - due in more than one year        | <u>75,394,182</u>           |
| Total Liabilities                                 | <u><u>80,902,178</u></u>    |
| <br>  |                             |
| <b>NET ASSETS</b>                                 |                             |
| Invested in capital assets, net of related debt   | 69,363,376                  |
| Restricted for:                                   |                             |
| Housing   | 631,953                     |
| Capital projects                                  | 12,995,376                  |
| Debt service                                      | 4,380,333                   |
| Unrestricted                                      | <u>2,536,743</u>            |
| Total Net Assets                                  | <u><u>\$ 89,907,781</u></u> |

See accompanying notes to financial statements.

VACAVILLE REDEVELOPMENT AGENCY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

| Functions/Programs            | Expenses             | Program Revenues        |  |                   | Net (Expense)<br>Revenue<br>and Changes<br>in Net Assets |
|-------------------------------|----------------------|-------------------------|--|-------------------|--|
|                               |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Totals            |  |
| Primary Government:           |                      |                         |  |                   |  |
| Governmental Activities:      |                      |                         |  |                   |  |
| Housing                       | \$ 2,134,369         | \$ 6,008                | \$ -                                     | \$ 6,008          | \$ (2,128,361)   |
| Redevelopment                 | 17,507,648           | 97,418                  | -  | 97,418            | (17,410,230)   |
| Interest on long-term debt    | 4,060,824            | -                       | -  | -                 | (4,060,824)  |
| Total Governmental activities | <u>23,702,841</u>    | <u>103,426</u>          | <u>-</u>                                 | <u>103,426</u>    | <u>(23,599,415)</u>                                      |
| Total Primary government      | <u>\$ 23,702,841</u> | <u>\$ 103,426</u>       | <u>\$ -</u>                              | <u>\$ 103,426</u> | <u>(23,599,415)</u>                                      |
| General revenues:             |                      |                         |  |                   |  |
| Property taxes                |                      |                         |  |                   | 35,031,137   |
| Investment income             |                      |                         |  |                   | 2,161,427  |
| Miscellaneous                 |                      |                         |  |                   | <u>211,157</u>   |
| Total general revenues        |                      |                         |  |                   | <u>37,403,721</u>  |
| Change in net assets          |                      |                         |  |                   | 13,804,306   |
| Net Assets, beginning of year |                      |                         |  |                   | <u>76,103,475</u>  |
| Net Assets, end of year       |                      |                         |  |                   | <u>\$ 89,907,781</u>                                     |

See accompanying notes to financial statements.



*Andrews Park*

**VACAVILLE REDEVELOPMENT AGENCY**

Government Fund Financial Statements

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VACAVILLE REDEVELOPMENT AGENCY  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2008

|   | SPECIAL REVENUE     |                        | DEBT SERVICE                                 |   |
|---|---------------------|------------------------|--|---|
|   | HOUSING             | REDEVELOPMENT<br>LOANS | COMMUNITY<br>REDEVELOPMENT<br>PROJECT AREA I | 1505/80<br>REDEVELOPMENT<br>PROJECT AREA II |
| <u>Assets and Other Debits</u>                          |                     |                        |  |   |
| Cash and investments                                    | \$ 4,194,190        | 5,381,009              | \$ 1,467,188                                 | \$ 179,396                                  |
| Receivables:  |                     |                        |  |   |
| Interest  | -                   | -                      | 16,819                                       | 2,396                                       |
| Accounts  | 26,839              | 15,590                 | -  | -   |
| Loans   | 21,855              | 23,970,532             | 2,364,740                                    | -   |
| Prepaid items   | -                   | -                      | 1,137  | -   |
| Advances to other funds                                 | -                   | 3,442,000              | -  | -   |
| Advances to the City of Vacaville                       | -                   | -                      | -  | -   |
| Restricted cash and investments<br>held by fiscal agent | -                   | -                      | 2,564,856                                    | 1,815,477                                   |
| <b>Total Assets</b>                                     | <b>\$ 4,242,884</b> | <b>\$ 32,809,131</b>   | <b>\$ 6,414,740</b>                          | <b>\$ 1,997,269</b>                         |
| <u>Liabilities</u>                                      |                     |                        |  |   |
| Accounts and contract payable                           | \$ 7,570            | \$ -                   | \$ -   | -   |
| Accrued payroll   | 53,867              | -                      | -  | -   |
| Deposits payable  | 107,494             | -                      | 1,074,184                                    | -   |
| Deferred revenue  | -                   | -                      | -  | -   |
| Advances from other funds                               | 3,442,000           | -                      | -  | -   |
| <b>Total Liabilities</b>                                | <b>3,610,931</b>    | <b>-</b>               | <b>1,074,184</b>                             | <b>-</b>                                    |
| <u>Fund Balances and Other Credits</u>                  |                     |                        |  |   |
| Fund balances:  |                     |                        |  |   |
| Reserved for encumbrances                               | 10,722              | -                      | -  | -   |
| Reserved for loans and long-term receivables            | 21,855              | 23,970,532             | 2,364,740                                    | -   |
| Reserved for prepaid items                              | -                   | -                      | 1,137  | -   |
| Reserved for advances to other funds                    | -                   | 3,442,000              | -  | -   |
| Reserved for housing                                    | 599,376             | 5,396,599              | -  | -   |
| Reserved for debt service                               | -                   | -                      | 2,974,679                                    | 1,997,269                                   |
| Reserved for advances to the City of Vacaville          | -                   | -                      | -  | -   |
| Reserved for capital projects                           | -                   | -                      | -  | -   |
| Unreserved:   |                     |                        |  |   |
| Designated for capital projects                         | -                   | -                      | -  | -   |
| <b>Total Fund Balances</b>                              | <b>631,953</b>      | <b>32,809,131</b>      | <b>5,340,556</b>                             | <b>1,997,269</b>                            |
| <b>Total Liabilities and Fund Balances</b>              | <b>\$ 4,242,884</b> | <b>\$ 32,809,131</b>   | <b>\$ 6,414,740</b>                          | <b>\$ 1,997,269</b>                         |

See accompanying notes to financial statements.

VACAVILLE REDEVELOPMENT AGENCY  
 GOVERNMENTAL FUNDS  
 BALANCE SHEET  
 JUNE 30, 2008

| CAPITAL PROJECTS                             |   |                                |
|--|---|--------------------------------|
| COMMUNITY<br>REDEVELOPMENT<br>PROJECT AREA I | 1505/80<br>REDEVELOPMENT<br>PROJECT AREA II | TOTAL<br>GOVERNMENTAL<br>FUNDS |
| \$ 8,321,949                                 | \$ 10,795,642                               | \$ 30,339,374                  |
| 35,910                                       | -   | 55,125                         |
| 8,119  | 7,920                                       | 58,468                         |
| 5,940,124                                    | 391,774                                     | 32,689,025                     |
| 200  | 68  | 1,405                          |
| -  | -   | 3,442,000                      |
| 1,943,137                                    | 8,596,315                                   | 10,539,452                     |
| <u>12,210,178</u>                            | <u>509,644</u>                              | <u>17,100,155</u>              |
| <u>\$ 28,459,617</u>                         | <u>\$ 20,301,363</u>                        | <u>\$ 94,225,004</u>           |
| \$ 81,904                                    | \$ 283,057                                  | \$ 372,531                     |
| 13,316                                       | 41,159                                      | 108,342                        |
| 78,302                                       | 55,000                                      | 1,314,980                      |
| 2,231,716                                    | 57,295                                      | 2,289,011                      |
| -  | -   | 3,442,000                      |
| <u>2,405,238</u>                             | <u>436,511</u>                              | <u>7,526,864</u>               |
| 156,375                                      | 119,179                                     | 286,276                        |
| 3,845,124                                    | 391,774                                     | 30,594,025                     |
| 200  | 68  | 1,405                          |
| -  | -   | 3,442,000                      |
| -  | -   | 5,995,975                      |
| -  | -   | 4,971,948                      |
| 1,943,137                                    | 8,596,315                                   | 10,539,452                     |
| 12,210,178                                   | 509,644                                     | 12,719,822                     |
| <u>7,899,365</u>                             | <u>10,247,872</u>                           | <u>18,147,237</u>              |
| <u>26,054,379</u>                            | <u>19,864,852</u>                           | <u>86,698,140</u>              |
| <u>\$ 28,459,617</u>                         | <u>\$ 20,301,363</u>                        | <u>\$ 94,225,004</u>           |

See accompanying notes to financial statements.

**VACAVILLE REDEVELOPMENT AGENCY**  
 Reconciliation of the  
**GOVERNMENTAL FUNDS - BALANCE SHEET**  
 with the  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS \$ 86,698,140

Amounts reported for Governmental Activities in the Statement of Net Assets of Net Assets are different from those reported in the Governmental funds above because of the following:

**CAPITAL ASSETS**

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds. 79,119,836

**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 Funds:

|                  |              |
|------------------|--------------|
| Deferred charges | 907,119      |
| Long-term debt   | (77,869,832) |
| Interest payable | (1,236,493)  |

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

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.

|  |                             |
|--|-----------------------------|
|  | 2,289,011                   |
| <b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b> | <b><u>\$ 89,907,781</u></b> |

See accompanying notes to financial statements.



*Andrews Park*

VACAVILLE REDEVELOPMENT AGENCY  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2008

|  | SPECIAL REVENUE    |                        | DEBT SERVICE                                 |   |
|--|--------------------|------------------------|--|---|
|  | HOUSING            | REDEVELOPMENT<br>LOANS | COMMUNITY<br>REDEVELOPMENT<br>PROJECT AREA I | I505/80<br>REDEVELOPMENT<br>PROJECT AREA II |
| Revenues:  |                    |                        |  |   |
| Taxes  | \$ 7,006,227       | -                      | \$ -   | \$ -  |
| Investment income  | 52,699             | 490,106                | 160,952                                      | 55,275                                      |
| Other  | <u>51,133</u>      | <u>23</u>              | <u>-</u>                                     | <u>-</u>                                    |
| Total revenues   | <u>7,110,059</u>   | <u>490,129</u>         | <u>160,952</u>                               | <u>55,275</u>                               |
| Expenditures:  |                    |                        |  |   |
| Current:   |                    |                        |  |   |
| Housing  | 2,134,369          | -                      | -  | -   |
| Redevelopment  | -                  | -                      | -  | -   |
| Shared revenues  | -                  | -                      | -  | -   |
| Intergovernmental  | 203,000            | 2,962                  | 2,279  | 69,067                                      |
| Capital outlay   | -                  | -                      | -  | -   |
| Debt service:  |                    |                        |  |   |
| Principal  | -                  | -                      | 1,085,680                                    | 1,550,983                                   |
| Interest and fiscal charges                                  | <u>-</u>           | <u>-</u>               | <u>2,795,335</u>                             | <u>1,221,133</u>                            |
| Total expenditures   | 2,337,369          | 2,962                  | 3,883,294                                    | 2,841,183                                   |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>4,772,690</u>   | <u>487,167</u>         | <u>(3,722,342)</u>                           | <u>(2,785,908)</u>                          |
| Other financing sources (uses):                              |                    |                        |  |   |
| Transfers in   | -                  | 2,648,851              | 3,714,438                                    | 2,764,762                                   |
| Transfers out  | (5,847,165)        | -                      | -  | -   |
| Issuance of debt and loans                                   | <u>-</u>           | <u>-</u>               | <u>-</u>                                     | <u>-</u>                                    |
| Total other financing<br>sources (uses)                      | <u>(5,847,165)</u> | <u>2,648,851</u>       | <u>3,714,438</u>                             | <u>2,764,762</u>                            |
| Net change in total fund balance                             | (1,074,475)        | 3,136,018              | (7,904)                                      | (21,146)                                    |
| Fund balances, beginning of year                             | <u>1,706,428</u>   | <u>29,673,113</u>      | <u>5,348,460</u>                             | <u>2,018,415</u>                            |
| Fund balances, end of year                                   | <u>\$ 631,953</u>  | <u>\$ 32,809,131</u>   | <u>\$ 5,340,556</u>                          | <u>\$ 1,997,269</u>                         |

See accompanying notes to financial statements.

VACAVILLE REDEVELOPMENT AGENCY  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2008

| CAPITAL PROJECTS                             |   |                                |
|--|---|--------------------------------|
| COMMUNITY<br>REDEVELOPMENT<br>PROJECT AREA I | 1505/80<br>REDEVELOPMENT<br>PROJECT AREA II | TOTAL<br>GOVERNMENTAL<br>FUNDS |
| \$ 6,794,638                                 | \$ 21,230,272                               | \$ 35,031,137                  |
| 1,067,362                                    | 438,459                                     | 2,264,853                      |
| <u>21,860</u>                                | <u>115,828</u>                              | <u>188,844</u>                 |
| <u>7,883,860</u>                             | <u>21,784,559</u>                           | <u>37,484,834</u>              |
| -  | -   | 2,134,369                      |
| 2,150,114                                    | 6,445,361                                   | 8,595,475                      |
| 1,599,398                                    | 10,745,896                                  | 12,345,294                     |
| 609,623                                      | 2,388,689                                   | 3,275,620                      |
| 4,914,478                                    | 84,887                                      | 4,999,365                      |
| -  | -   | 2,636,663                      |
| <u>-</u>                                     | <u>-</u>                                    | <u>4,016,468</u>               |
| 9,273,613                                    | 19,664,833                                  | 38,003,254                     |
| <u>(1,389,753)</u>                           | <u>2,119,726</u>                            | <u>(518,420)</u>               |
| 1,577,939                                    | -   | 10,705,990                     |
| (2,094,063)                                  | (2,764,762)                                 | (10,705,990)                   |
| <u>-</u>                                     | <u>1,777,899</u>                            | <u>1,777,899</u>               |
| <u>(516,124)</u>                             | <u>(986,863)</u>                            | <u>1,777,899</u>               |
| (1,905,877)                                  | 1,132,863                                   | 1,259,479                      |
| <u>27,960,256</u>                            | <u>18,731,989</u>                           | <u>85,438,661</u>              |
| <u>\$ 26,054,379</u>                         | <u>\$ 19,864,852</u>                        | <u>\$ 86,698,140</u>           |

See accompanying notes to financial statements.

**VACAVILLE REDEVELOPMENT AGENCY**  
 Reconciliation of the  
**NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS**  
 with the  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS \$ 1,259,479

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

**CAPITAL ASSETS TRANSACTIONS**

Governmental Funds report acquisition of capital assets as capital outlays and other program 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. This is the amount of capital assets recorded in the current period.

|                                       |           |
|---------------------------------------|-----------|
| Capital outlay                        | 4,999,365 |
| Uncapitalized outlay costs            | (29,024)  |
| Departmental expenditures capitalized | 7,206,692 |

|   |           |
|---|-----------|
| 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. | (545,421) |
|---|-----------|

**LONG TERM DEBT PROCEEDS AND PAYMENTS**

|   |             |
|---|-------------|
| Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. | (1,777,899) |
|---|-------------|

|  |           |
|--|-----------|
| Repayment of bond principal is an expenditure in Governmental Funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Assets. | 2,636,663 |
|--|-----------|

**ACCRUAL OF NON-CURRENT ITEMS**

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

|                          |          |
|--------------------------|----------|
| Unearned revenue         | 22,313   |
| Interest expense         | (44,356) |
| Gain on sale of property | 76,494   |

|   |               |
|---|---------------|
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | \$ 13,804,306 |
|---|---------------|

See accompanying notes to financial statements.

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

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

**A. REPORTING ENTITY**

The Vacaville Redevelopment Agency (the Agency) was established pursuant to the Community Redevelopment Law of the California Health and Safety Code. The objectives of the Agency are to develop the Vacaville Community Redevelopment Project Area I and the I-505/80 Redevelopment Project Area II.

The Agency is governed by a five-member board, which consists of all members of the Vacaville City Council. The Agency is a component unit and an integral part of the City of Vacaville (City).

Project Area I was established in June, 1982 and is bounded on the north by Vaca Valley Parkway, on the east by Putah South Canal, on the south by Interstate 80, and on the west by Browns Valley Road, Monte Vista Avenue, Kentucky Street, Walnut Avenue, Lovers Lane, Merchant Street, Alamo Drive and other streets.

Project Area II was established in July, 1983 and is generally bounded on the east by the Putah South Canal and Ulatis Creek, on the north by Midway Road, on the west by Interstate 505, Leisure Town Road, and Nut Tree Road, and on the south by Ulatis Creek, Elmira Road, and other streets.

**B. BASIS OF ACCOUNTING, MEASUREMENT FOCUS AND FINANCIAL STATEMENT PRESENTATION**

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

**Government-Wide Financial Statements**

The Agency Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental Activities for the Agency. No fiduciary activities are recorded in the Agency.

These statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the Agency’s assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. 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 Agency are reported as charges for services.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to Interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated.

**Governmental 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. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide Financial Statements. The Agency has presented all as major funds.

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

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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. The primary revenue sources, which have been treated as susceptible to accrual by the Agency, are property tax, intergovernmental revenues, other taxes, and investment income. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Reconciliation of the Fund financial statements to the Government-Wide financial statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

**C. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The Agency pools cash resources of its various funds to facilitate cash management. Cash in excess of current requirements is invested and reported as investments. It is the Agency’s intent to hold investments until 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 Agency’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.

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

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The Agency 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, thereby 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.

Refer to the City of Vacaville’s Comprehensive Annual Financial Report for disclosure of cash and investments and related risk categorization.

**D. RECEIVABLES AND PAYABLES**

Property 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 assets. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available.

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. RESTRICTED/UNRESTRICTED NET ASSETS**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Agency's policy is to apply restricted net assets 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.

**F. CAPITAL ASSETS**

The Agency's 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. Agency policy has set the capitalization threshold for reporting infrastructure at \$100,000 and at \$5,000 for all other general capital assets. Gifts or contributions of capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

|                            |           |
|----------------------------|-----------|
| Buildings and Improvements | 40 years  |
| Machinery and Equipment    | 5-7 years |

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. The infrastructure assets built or acquired by the Agency are subsequently donated to the City so the amounts are recorded as an expense in the Government-Wide Financial Statements of the Agency.

**G. LONG-TERM OBLIGATIONS**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. For bond issuances subsequent to the implementation of GASB Statement No. 34, bond premiums and discounts as well as issuance costs, will be deferred and amortized over the life of the bonds using the effective interest method and bonds payable will be reported net of the applicable bond premium or discount. 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 issuance 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.

**H. PROPERTY TAX REVENUE**

All property taxes are collected and allocated by the County of Solano (the County) 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 County bills and collects property taxes and remits them to the Agency under the State authorized alternate method of apportioning taxes (commonly referred to as the "Teeter Plan") whereby all local agencies receive from the County 100% of their respective shares of the amount of ad valorem taxes levied, without regard to the actual collections of the taxes levied. Agency property tax is recognized when it is available and measurable. The Agency considers property taxes as available if they are collected within 60 days after year-end.

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**I. RISK MANAGEMENT**

The Agency is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Agency participates in the California Joint Powers Risk Management Authority (CJPRMA), the Local Agency Worker's Compensation Excess Insurance Authority (LAWCX), and the Employment Risk Management Authority (ERMA) as a component unit of the City of Vacaville. The purpose of the CJPRMA, LAWCX, and ERMA is to spread the adverse effects of losses among the member agencies and to purchase excess insurance as a group, thereby reducing expenses. The Agency, through cost allocation from the City, contributes its pro rate share of anticipated losses to pools administered by CJPRMA, LAWCX, and ERMA.

**J. LOW AND MODERATE HOUSING OBLIGATIONS**

The Community Redevelopment Project Area I and the I-505/80 Redevelopment Project Area II deposit 20% of the allocated tax increment revenues into a Low and Moderate Housing Fund (reflected in Special Revenue Funds) as required by Section 33334.2 of the California Health and Safety Code. This money is to be used to provide for low and moderate housing. Housing expenditures include the administration of the low and moderate program, loan extensions, and purchasing property to develop low and moderate housing projects.

**K. 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.

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

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**NOTE 2 – CASH AND INVESTMENTS**

As of June 30, 2008 cash and investments of the Agency are as follows:

|                                      | <u>Fair Value</u>   |
|--------------------------------------|---------------------|
| <b>Governmental Activities</b>       |                     |
| Unrestricted Cash and Investments    | \$30,339,374        |
| Restricted Cash and Investments      | <u>17,100,155</u>   |
| <b>Total Governmental Activities</b> | <u>\$47,439,529</u> |

The Agency pools cash from all sources and all funds except Cash with Fiscal Agents with the City Treasury so that it can be invested at the maximum yield, consistent with the City's investment policy, while individual funds can make expenditures at any time.

The Agency's cash is included in a City-wide cash and investments pool, the details of which are presented in the City's basic financial statements. Under the provisions of the City's investment policy, and in accordance with California Government Code, the following investments are authorized:

- Securities of the U.S. Government, or its agencies
- Securities of the State of California, or its agencies
- Securities of local agencies within the state of California
- Small Business Administration Loans
- Negotiable Certificates of Deposit
- Banker's Acceptances
- Commercial Paper
- Mortgage Pass-through Securities, Collateralized Mortgage Obligations, or other Pay-through Asset-backed Securities
- Local Agency Investment Fund
- Repurchase Agreements
- Reverse Repurchase Agreements
- Money Market Funds
- Corporate Notes
- United States Treasury

The Agency's investments are carried at fair value as required by generally accepted accounting principles of the United States. The Agency adjusts the carrying value of its investments to reflect their fair market value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

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**NOTE 3 – LOANS RECEIVABLES**

Loans Receivables as of June 30, 2008 were as follows:

- \$ 4,948,338 Neighborhood Conservation Program (NCP) loans are recorded in the Special Revenue Funds. The Agency encourages the conservation of decent, safe, and sanitary housing that is also affordable to low and moderate income households, by providing a pool of loan funds to investor-owners and owner-occupants to improve the lower income neighborhoods of the City and further equal opportunity in housing. Loans ranging in amount from \$1,000 to \$45,000 per unit are offered at 3% interest and may be amortized for up to 15 years. The loans are secured by the property. Deferred loans may be made to households with very low incomes. At the time 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. These loans will be due and payable upon sale or other title transfer. The amount of loans in arrears is \$153,404
- \$13,385,526 Redevelopment Agency Equity Loans are recorded in the Special Revenue Funds. These loans 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.
- \$ 385,850 Redevelopment Down Payment loans are recorded in the Special Revenue Funds. These loans assist 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 \$5,000, 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 loan is secured against the property as a second mortgage.
- \$ 2,527,705 The Redevelopment 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 \$70,000 plus customary closing costs or 105% of loan to value (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.
- \$ 2,364,740 A loan receivable has been recorded in the Debt Service Funds from Vacaville Community Housing, a non-profit corporation. The loan is secured by multifamily housing units and is at 0% interest, with the total payment deferred until the year 2025.
- \$ 1,455,000 A loan receivable has been recorded in the Capital Project Funds from Vacaville Community Housing, a non-profit corporation. The loan is secured by multifamily housing units and is at 0% interest, with the total payment deferred until the year 2025.

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

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**NOTE 3 – LOANS RECEIVABLES (continued)**

Loans Receivables as of June 30, 2008 were as follows:

|                     |  |
|---------------------|--|
| \$ 2,390,124        | Downtown Rehabilitation loans are recorded in the Capital Projects Funds. These loans are for façade improvements and historic district building loans. Façade improvement loans are fully amortized for 15-year terms at 3% interest with a \$15,000 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 \$105,000. 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. |
| \$ 2,095,000        | In 2002, the 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 and deferred revenue have been recorded in the amount of \$3,895,000 in the Capital Projects Funds. The Vacaville Library District paid down an additional \$1.5 million to the Agency in fiscal year 2006 reducing the future annual debt service from the Library to the Agency. The loan will be repaid by Fiscal Year 2031/2032 with interest ranging from 4% to 7%.   |
| \$ 2,723,113        | A loan receivable has been recorded in the Special Revenue funds from Vacaville Community Housing, a non-profit corporation. The loan was secured against the property at 0% interest, with the total payment due August 2006. The loan was delinquent and to resolve the delinquency, in July of 2008, the loan was forgiven when the ownership of the property was transferred back to the Redevelopment Agency from Vacaville Community Housing.  |
| \$ 391,774          | Promissory note for \$457,296 has been recorded in the I-505/80 Redevelopment Project Area to Bethany Lutheran Church. Bethany Lutheran Church used the loan proceeds to finance the acquisition of approximately 6.24 acres of land for the development of improvements (Bethany Lutheran School). A loan receivable and deferred revenue have been record in the amount of \$457,296 in the Capital Projects Funds. The term of the note is 5 years and has an annual interest rate of 7%. Monthly payments of \$7,920.48 will begin July 31, 2007.  |
| \$ 12,815           | Ten emergency interest-free loans were granted for purposes of paying the first month's rent and/or the security deposit required as a condition of renting certain temporary premises for individuals because of damages to their permanent residence by the January 2006 winter floods. Payments of \$100 per month are due to begin September 30, 2006.   |
| <u>\$ 9,040</u>     | Loans receivable recorded in the Special Revenue Funds for security deposits for low income families that have been Vacaville residents or working in Vacaville for at least twelve months who can afford the rent but not the lump sum of security deposit and initial rent. The loan amount cannot exceed \$1,000 and repayment is due at \$100 per month.   |
| <u>\$32,689,025</u> | Total loans receivable   |

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

**NOTE 4 – CAPITAL ASSETS**

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

|                                    | Balance<br>July 1, 2007 | Additions            | Deletions        | Transfers           | Balance<br>June 30, 2008 |
|------------------------------------|-------------------------|----------------------|------------------|---------------------|--------------------------|
| Non-Depreciable Assets:            |                         |                      |                  |                     |                          |
| Land                               | \$ 14,324,504           | \$ -                 | \$ -             | \$ -                | \$ 14,324,504            |
| Land held for development          | 28,568,225              | 4,506,053            | -                | -                   | 33,074,278               |
| Intangibles                        | 788,124                 | -                    | -                | -                   | 788,124                  |
| Construction in Progress           | <u>12,673,890</u>       | <u>298,323</u>       | <u>-</u>         | <u>(12,038,730)</u> | <u>933,483</u>           |
| Total Non-Depreciable Assets       | <u>56,354,743</u>       | <u>4,804,376</u>     | <u>-</u>         | <u>(12,038,730)</u> | <u>49,120,389</u>        |
| Depreciable Assets:                |                         |                      |                  |                     |                          |
| Buildings & Improvements           | 5,611,563               | -                    | -                | -                   | 5,611,563                |
| Infrastructure                     | <u>6,465,113</u>        | <u>7,372,657</u>     | <u>-</u>         | <u>12,038,730</u>   | <u>25,876,500</u>        |
| Total Depreciable Assets           | <u>12,076,676</u>       | <u>7,372,657</u>     | <u>-</u>         | <u>12,038,730</u>   | <u>31,488,063</u>        |
| Less accumulated depreciation for: |                         |                      |                  |                     |                          |
| Buildings & Improvements           | (793,919)               | (139,424)            | -                | -                   | (933,343)                |
| Infrastructure                     | <u>(225,770)</u>        | <u>(405,997)</u>     | <u>76,494</u>    | <u>-</u>            | <u>(555,273)</u>         |
| Total Accumulated Depreciation     | <u>(1,019,689)</u>      | <u>(545,421)</u>     | <u>76,494</u>    | <u>-</u>            | <u>(1,488,616)</u>       |
| Total depreciable assets, net      | <u>11,056,987</u>       | <u>6,827,236</u>     | <u>76,494</u>    | <u>12,038,730</u>   | <u>29,999,447</u>        |
| RDA activities capital assets, net | <u>\$ 67,411,730</u>    | <u>\$ 11,631,612</u> | <u>\$ 76,494</u> | <u>\$ -</u>         | <u>\$ 79,119,836</u>     |

Depreciation expense was charged to functions as follows:

|   |                   |
|---|-------------------|
| RDA activities:                           |                   |
| Redevelopment                             | <u>\$ 545,421</u> |
| Total RDA activities depreciation expense | <u>\$ 545,421</u> |

**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 Assets.

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

**NOTE 5 – LONG-TERM LIABILITIES**

The following is a summary of long-term obligation transactions of the Agency for the year ended June 30, 2008:

|                                   | <u>Beginning<br/>Balance</u> | <u>Additions</u>    | <u>Reductions</u>   | <u>Ending<br/>Balance</u> | <u>Due within<br/>one year</u> |
|-----------------------------------|------------------------------|---------------------|---------------------|---------------------------|--------------------------------|
| <b>Loans Payable:</b>             |                              |                     |                     |                           |                                |
| Cernon Street Parking Lot         | \$ 30,630                    | \$ -                | \$ 11,711           | \$ 18,919                 | \$ 12,425                      |
| Beck & Clark Family Trust         | 375,693                      | -                   | 18,506              | 357,187                   | 19,824                         |
| City of Vacaville (Nut Tree)      | 4,160,253                    | -                   | 345,543             | 3,814,710                 | -                              |
| Dept. of Toxic Substances         | 187,775                      | -                   | 3,018               | 184,757                   | 3,196                          |
| Klotz Family Trust                | 610,304                      | -                   | 64,430              | 545,874                   | 68,215                         |
| Puerta, Frank & Betty             | 205,194                      | -                   | 64,454              | 140,740                   | 68,321                         |
| Babington, Richard & Carol        | 400,000                      | -                   | 30,705              | 369,295                   | 32,471                         |
| <b>Total Loans Payable</b>        | <b>5,969,849</b>             | <b>-</b>            | <b>538,367</b>      | <b>5,431,482</b>          | <b>204,452</b>                 |
| <b>Tax Allocation Bonds:</b>      |                              |                     |                     |                           |                                |
| 1996 Tax Allocation Bonds         | 5,370,000                    | -                   | 225,000             | 5,145,000                 | 235,000                        |
| 2000 Tax Allocation Bonds         | 11,060,000                   | -                   | 215,000             | 10,845,000                | 225,000                        |
| 2000A Multifamily Mortgage        | 2,007,870                    | -                   | 67,310              | 1,940,560                 | 71,120                         |
| 2001 Tax Allocation Bonds         | 29,600,000                   | -                   | 675,000             | 28,925,000                | 705,000                        |
| 2006 Tax Allocation Bonds         | 2,660,000                    | -                   | 90,000              | 2,570,000                 | 95,000                         |
| 2006 Taxable Housing Bonds        | 18,875,000                   | -                   | 205,000             | 18,670,000                | 315,000                        |
| <b>Total Tax Allocation Bonds</b> | <b>69,572,870</b>            | <b>-</b>            | <b>1,477,310</b>    | <b>68,095,560</b>         | <b>1,646,120</b>               |
| Advances from the City            | 3,185,877                    | 1,777,899           | 620,986             | 4,342,790                 | 625,078                        |
| <b>Total long term debt</b>       | <b>\$ 78,728,596</b>         | <b>\$ 1,777,899</b> | <b>\$ 2,636,663</b> | <b>\$ 77,869,832</b>      | <b>\$ 2,475,650</b>            |

The following is a summary of long-term debt transactions of the Agency for the year ended June 30, 2008.

**Loans Payable:**

| <u>Original Debt<br/>Amount</u> | <u>Outstanding<br/>June 30, 2008</u> |  |
|---------------------------------|--------------------------------------|--|
| \$ 99,500                       | \$ 18,919                            | Long-term note for the purchase of a downtown parking lot. Principal and interest are paid in semi-annual installments of \$4,488 each May and November including interest at 6% through November 1, 2009. Payments of principal and interest are funded by Redevelopment Project Area I.  |
| \$ 475,000                      | \$ 357,187                           | Long-term note for the 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 an annual rate of 7% through March 1, 2020. Payments of principal and interest are funded by Redevelopment Project Area I revenues. This note is secured by real property. |

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

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**NOTE 5 – LONG-TERM LIABILITIES (continued)**

**Loans Payable:**

| <u>Original Debt<br/>Amount</u> | <u>Outstanding<br/>June 30, 2008</u> |   |
|---------------------------------|--------------------------------------|---|
| \$7,881,241                     | \$3,814,710                          | Variable rate long-term note for the purchase of the Nut Tree property. Interest on the note is payable monthly from tax increment revenue of the Redevelopment Agency. The principal will be repaid from the proceeds of the sale of the property. If the property is not sold within ten years from the date of the note, then the principal will be repaid from Redevelopment Project Area II.           |
| \$ 195,690                      | \$ 184,757                           | Long-term note for the Agency's liability for toxic and hazardous waste materials clean-up on property located at the southwest corner of East Main Street and Wilson Street. Principal and interest are payable in monthly installments of \$1,017 including interest at an annual rate of 5.7% through July 2011. Payments of principal and interest are funded by Redevelopment Project Area I revenues. |
| \$ 742,500                      | \$ 545,874                           | 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 Redevelopment Project Area I revenues.   |
| \$ 565,000                      | \$ 140,740                           | Long-term note for the purchase of 1.56 acres for a future park and ride lot. Principal and interest are payable in installments of \$76,765 each January, including interest at an annual interest rate of 6% through January 2010. Payments of principal and interest are funded by Redevelopment Project Area II revenues.   |
| \$ 400,000                      | \$ 369,295                           | 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 \$53,705.31 each January through January 2017. Payments of principal and interest are funded by Redevelopment Project Area I revenues.  |

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

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**NOTE 5 – LONG-TERM LIABILITIES (continued)**

**Loans Payable:**

The annual requirement to amortize debt outstanding as of June 30, 2008 for loans payable is as follows:

| Year<br>Ending<br>June 30 | Principal           | Interest          | Total               |
|---------------------------|---------------------|-------------------|---------------------|
| 2009                      | \$ 204,452          | \$ 294,085        | \$ 498,537          |
| 2010                      | 4,024,804           | 281,756           | 4,306,560           |
| 2011                      | 139,107             | 70,877            | 209,984             |
| 2012                      | 318,325             | 52,613            | 370,938             |
| 2013                      | 152,428             | 43,913            | 196,341             |
| 2014-2018                 | 510,666             | 98,347            | 609,013             |
| 2019-2020                 | 81,700              | 7,272             | 88,972              |
| Total                     | <u>\$ 5,431,482</u> | <u>\$ 848,863</u> | <u>\$ 6,280,345</u> |

**Tax Allocation Bonds Payable:**

| <u>Original Debt<br/>Amount</u> | <u>Outstanding<br/>June 30, 2008</u> |  |
|---------------------------------|--------------------------------------|--|
| \$ 9,250,000                    | \$ 5,145,000                         | 1996 Tax Allocation Revenue Bonds issued by the Vacaville Public Financing Authority for financing various public improvements in Redevelopment Project Area I. Interest rates range from 4% to 5.4% and the bonds mature in 2022. Payments of principal and interest are funded by tax increment revenues of the Agency.                |
| \$11,995,000                    | \$10,845,000                         | 2000 Tax Allocation Revenue Bonds issued by the Vacaville Public Financing Authority for financing various public improvements in Redevelopment Project Area I. Interest rates range from 5.25% to 5.875% and the bonds mature in September 2031. Payments of principal and interest are funded by tax increment revenues of the Agency. |

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

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**NOTE 5 – LONG-TERM LIABILITIES (continued)**

**Tax Allocation Bonds Payable:**

| <u>Original Debt</u><br><u>Amount</u> | <u>Outstanding</u><br><u>June 30, 2008</u> |  |
|---------------------------------------|--|--|
| \$ 2,364,740                          | \$ 1,940,560                               | <p>Multifamily Mortgage Revenue Bonds 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. The indebtedness is recorded in Redevelopment Project Area I.</p> |
| \$31,980,000                          | \$28,925,000                               | <p>2001 Tax Allocation Revenue Bonds issued by the Vacaville Public Financing Authority for financing various public improvements in both Redevelopment Project Areas. Interest rates range from 4% to 7% and the bonds mature in September 2026. Payments of principal and interest are funded by tax increment revenues of the Agency.</p>   |
| \$ 2,660,000                          | \$ 2,570,000                               | <p>2006 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 Project Area II. Interest rates range from 3.0% to 4.5% and the bonds mature in September 2026. Payments of principal and interest are funded by tax increment revenues of the Agency.</p>   |
| \$18,875,000                          | \$18,670,000                               | <p>2006 Taxable Housing Bonds issued by the Agency for financing redevelopment projects primarily by making loans to qualified 501(3)(c) non-profit corporations in connection with their development of multifamily rental housing in the City of Vacaville. Interest rates range from 5.6% to 7%. Payments of principal and interest are funded by tax increment revenues of the Agency.</p>   |

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

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**NOTE 5 – LONG-TERM LIABILITIES (continued)**

The annual requirement to amortize debt outstanding as of June 30, 2008 for tax allocation bonds payable is as follows:

| Year<br>Ending<br>June 30 | Principal            | Interest             | Total                 |
|---------------------------|----------------------|----------------------|-----------------------|
| 2009                      | \$ 1,646,120         | \$ 3,639,282         | \$ 5,285,402          |
| 2010                      | 1,729,930            | 3,554,703            | 5,284,633             |
| 2011                      | 1,813,740            | 3,466,389            | 5,280,129             |
| 2012                      | 1,897,550            | 3,374,091            | 5,271,641             |
| 2013                      | 1,997,630            | 3,275,314            | 5,272,944             |
| 2014-2018                 | 11,658,160           | 14,650,748           | 26,308,908            |
| 2019-2023                 | 15,119,610           | 11,077,083           | 26,196,693            |
| 2024-2028                 | 16,167,820           | 6,774,122            | 22,941,942            |
| 2029-2033                 | <u>16,065,000</u>    | <u>2,030,184</u>     | <u>18,095,184</u>     |
| Total                     | <u>\$ 68,095,560</u> | <u>\$ 51,841,916</u> | <u>\$ 119,937,476</u> |

**Advances from the City:**

The advances from the City consisted of \$4,342,790 loaned from the City of Vacaville's City Projects Capital Projects Fund (\$2,196,699), the City of Vacaville's Water Fund (\$1,457,718), and the City of Vacaville's Sewer Fund (\$688,373) for development impact fees on behalf of Nut Tree and State Compensation Insurance Fund. Principal and interest are paid annually. Interest rate is 3%. Payments of principal and interest are funded by tax increment revenues of the Agency.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

In 2002, the Agency entered into a sublease agreement with Vacaville Recreation Corporation with an option to purchase and right of first refusal for the in-line/multi-purpose of the Vacaville Skating Center. Pursuant to a separate sublease agreement between the City and the 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. Lease payments are paid monthly through September 2025. The lease was recorded as a capital lease by the City with outstanding debt of \$2,220,853 as of June 30, 2008.

Additionally, the Agency has certain contingent payments in connection with the purchase and sale of land held for development. The Agency has retained responsibility for paying a portion of assessments assigned to each property if certain criteria are met, the special assessments are funded by Redevelopment Project Area I or II tax increment revenues. There are currently three areas in which the Agency could be contingently liable for paying the assessments:

|                                      | June 30, 2008<br><u>Contingent Liability</u> |
|--------------------------------------|--|
| Auto mall special assessments        | \$517,458                                    |
| Cultural Center special assessments  | 406,277                                      |
| East Monte Vista special assessments | <u>16,054</u>                                |
| Total contingent liability           | <u>\$939,789</u>                             |

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

**NOTE 7 – RELATED PARTY TRANSACTIONS**

The following is a summary of transactions between the Agency and the City during the year:

Administrative and Other Expenditures – These expenditures represent reimbursements to the City for various allocated costs. Such expenses amounted to \$5,614,467 during the year for administrative costs, of which \$4,774,492 is reflected in Capital Projects Funds and \$839,975 is reflected in Special Revenue Funds.

Intergovernmental Expenditures in Debt Service Fund - \$71,346 of intergovernmental expenditure is special assessment liability paid by the Agency to the City for liabilities assumed by the Agency.

**NOTE 8 – TRANSFERS AND ADVANCES**

The Agency has numerous transactions to report the nonreciprocal contribution of resources from one fund to another, to report long-term advances between funds and short-term Interfund receivables and payables between funds.

The major transfer activity consists of the following; 1) Housing transferred \$2,069,257 to RDA to cover the equity loans assistance program; 2) Housing transferred \$1,620,375 to the debt service fund to cover Housing debt obligations; 3) Community Redevelopment Project Area capital projects fund transferred \$2,094,063 to the debt service fund to cover downtown redevelopment debt obligations; 4) I505/80 Redevelopment Project Area capital projects fund transferred \$2,764,762 to the debt service fund to cover I505/80 redevelopment debt obligations; and 5) Housing transferred \$1,577,939 to the Community Redevelopment capital project fund to cover capital project costs.

The following summarizes Interfund transactions (as presented in the Agency's Fund Financial Statements) for the fiscal year ended June 30, 2008:

**Interfund Transfers:**

|  | <u>Transfers In (fund receiving transfer):</u> |   |  |   | Totals               |
|--|--|---|--|---|----------------------|
|  | <u>Special Revenue Fund</u>                    | <u>Debt Service Fund</u>                      | <u>I505/80 Redevelopment Project Area II</u> | <u>Capital Projects Fund</u>                  |                      |
| <u>Transfers Out (fund making transfer):</u> | <u>Redevelopment Loans</u>                     | <u>Community Redevelopment Project Area I</u> | <u>I505/80 Redevelopment Project Area II</u> | <u>Community Redevelopment Project Area I</u> |                      |
| <b>Special Revenue Funds:</b>                |  |   |  |   |                      |
| Housing                                      | \$ 2,648,851                                   | \$ 1,620,375                                  | \$ -   | \$ 1,577,939                                  | \$ 5,847,165         |
| Redevelopment Loans                          | -  | -   | -  | -   | -                    |
| Total Special Revenue Funds                  | <u>2,648,851</u>                               | <u>1,620,375</u>                              | <u>-</u>                                     | <u>1,577,939</u>                              | <u>5,847,165</u>     |
| <b>Capital Projects Funds:</b>               |  |   |  |   |                      |
| Community Redevelopment Project Area I       | -  | 2,094,063                                     | -  | -   | 2,094,063            |
| I505/80 Redevelopment Project Area II        | -  | -   | 2,764,762                                    | -   | 2,764,762            |
| Total Capital Projects Funds                 | <u>-</u>                                       | <u>2,094,063</u>                              | <u>2,764,762</u>                             | <u>-</u>                                      | <u>4,858,825</u>     |
| Totals                                       | <u>\$ 2,648,851</u>                            | <u>\$ 3,714,438</u>                           | <u>\$ 2,764,762</u>                          | <u>\$ 1,577,939</u>                           | <u>\$ 10,705,990</u> |

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

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**NOTE 8 – TRANSFERS AND ADVANCES (continued)**

**Advances to the City:**

The advances to the City consisted of a \$10,539,452 loan from Redevelopment Capital Projects funds for construction of a City owned police facility.

**NOTE 9 – UNEARNED AND DEFERRED REVENUE**

Unearned revenues in the government-wide financial statement as of June 30, 2008 were eliminated.

Deferred revenues in the fund financial statements as of June 30, 2008 were as follows:

|                      | <b>Capital Projects Fund</b>                 |   |                             |
|----------------------|--|---|-----------------------------|
|                      | Community<br>Redevelopment<br>Project Area I | I505/80<br>Redevelopment<br>Project Area II | Totals                      |
|                      | <u>                    </u>                  | <u>                    </u>                 | <u>                    </u> |
| Loans Receivable     | \$ 2,095,000                                 | \$ 57,295                                   | \$ 2,152,295                |
| Deferred maintenance | <u>136,716</u>                               | <u>-</u>                                    | <u>136,716</u>              |
|                      | <u>\$ 2,231,716</u>                          | <u>\$ 57,295</u>                            | <u>\$ 2,289,011</u>         |

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

- \$2,095,000      Recorded in the Redevelopment Capital Projects Fund for the 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 and deferred revenue have been recorded in the amount of \$2,095,000 in the Redevelopment Capital Projects Funds.
- \$ 136,716      Recorded in the Redevelopment Capital Projects Fund for deferred maintenance of the Buck-Eldridge building complex.
- \$ 57,295        Recorded in the Redevelopment Capital Projects Fund for the agreement with Bethany Lutheran Church to finance the acquisition of 6.24 acres of land for development of improvements (Bethany Lutheran School).

The amounts in deferred revenue have been eliminated and recognized as revenues in the Government-Wide Financial Statements.

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

**NOTE 10 – CLASSIFICATION OF NET ASSETS AND FUND BALANCES**

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested in capital assets, net of related debt – This category groups all capital assets, including infrastructure, into one component of net assets. 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 assets – 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 assets – This category represents the net assets of the Agency, which are not restricted or invested in capital assets net of related debt for any project or other purpose.

In the Fund Financial Statements, reserves segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves are established by actions of the City Council and Management and can be increased, decreased or eliminated by similar actions. As of June 30, 2007 reservations of fund balance are shown on below. Additionally, the remaining unreserved, designated and undesignated fund balance are shown below:

|                                  | <u>Special Revenue Fund</u> |                            | <u>Debt Service Fund</u>                      |   | <u>Capital Projects Fund</u>                  |   | <u>Totals</u>        |
|----------------------------------|-----------------------------|----------------------------|---|---|---|---|----------------------|
|                                  | <u>Housing</u>              | <u>Redevelopment Loans</u> | <u>Community Redevelopment Project Area I</u> | <u>I-505/80 Redevelopment Project Area II</u> | <u>Community Redevelopment Project Area I</u> | <u>I-505/80 Redevelopment Project Area II</u> |                      |
| <b>Reserved Fund Balances:</b>   |                             |                            |   |   |   |   |                      |
| Encumbrances                     | \$ 10,722                   | \$ -                       | \$ -  | \$ -  | \$ 156,375                                    | \$ 119,179                                    | \$ 286,276           |
| Loans and long-term receivables  | 21,855                      | 23,970,532                 | 2,364,740                                     | -   | 3,845,124                                     | 391,774                                       | 30,594,025           |
| Prepaid items                    | -                           | -                          | 1,137   | -   | 200   | 68  | 1,405                |
| Advances to other funds          | -                           | 3,442,000                  | -   | -   | -   | -   | 3,442,000            |
| Housing                          | 599,376                     | 5,396,599                  | -   | -   | -   | -   | 5,995,975            |
| Debt service                     | -                           | -                          | 2,974,679                                     | 1,997,269                                     | -   | -   | 4,971,948            |
| Advances to other funds          | -                           | -                          | -   | -   | 1,943,137                                     | 8,596,315                                     | 10,539,452           |
| Capital projects                 | -                           | -                          | -   | -   | 12,210,178                                    | 509,644                                       | 12,719,822           |
| Subtotal                         | <u>631,953</u>              | <u>32,809,131</u>          | <u>5,340,556</u>                              | <u>1,997,269</u>                              | <u>18,155,014</u>                             | <u>9,616,980</u>                              | <u>68,550,903</u>    |
| <b>Unreserved Fund Balances:</b> |                             |                            |   |   |   |   |                      |
| Designed for capital projects:   |                             |                            |   |   |   |   |                      |
| Capital Projects Funds           | -                           | -                          | -   | -   | 7,899,365                                     | 10,247,872                                    | 18,147,237           |
| Subtotal                         | -                           | -                          | -   | -   | 7,899,365                                     | 10,247,872                                    | 18,147,237           |
| Total Fund Balances              | <u>\$ 631,953</u>           | <u>\$ 32,809,131</u>       | <u>\$ 5,340,556</u>                           | <u>\$ 1,997,269</u>                           | <u>\$ 26,054,379</u>                          | <u>\$ 19,864,852</u>                          | <u>\$ 86,698,140</u> |

**VACAVILLE REDEVELOPMENT AGENCY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**For the year ended June 30, 2008**

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**NOTE 11 – SHARED REVENUES & EXPENDITURES**

The Agency has an agreement with the County of Solano and other taxing agencies whereby the Agency agrees to share a portion of all tax increment revenues received by the Project Areas.

The percentage and amounts shared in the year ended June 30, 2008 under the terms of the agreement are displayed below. These amounts have been recorded as shared revenue expenditures in the Capital Projects Funds.

|         | Percent of<br>Revenue | Property<br>Tax      | Shared Revenue Agreements |                     |                      |
|---------|-----------------------|----------------------|---------------------------|---------------------|----------------------|
|         |                       |                      | Non-<br>Statutory         | Statutory           | Total                |
| Area I  | 15%                   | \$ 8,493,297         | \$ 1,273,994              | \$ 325,404          | \$ 1,599,398         |
| Area II | 36%                   | <u>26,537,840</u>    | <u>9,553,622</u>          | <u>1,192,274</u>    | <u>10,745,896</u>    |
| Total   |                       | <u>\$ 35,031,137</u> | <u>\$ 10,827,616</u>      | <u>\$ 1,517,678</u> | <u>\$ 12,345,294</u> |



*Andrews Park*

## **REQUIRED SUPPLEMENTARY INFORMATION**

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# VACAVILLE REDEVELOPMENT AGENCY

## REQUIRED SUPPLEMENTARY INFORMATION

For the year ended June 30, 2008

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### Budgetary Data

The Agency adopts annual budgets for the Special Revenue Funds. The Agency 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 Agency uses the following procedures in establishing the annual budget:

1. The City Manager submits a recommended annual operating budget to the Redevelopment Agency for each fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. The Redevelopment Agency 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 the Redevelopment Agency through the passage of an ordinance.
4. The City Manager has the ability to transfer amounts between funds and fund types without the Redevelopment Agency 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, Redevelopment Agency authorization is required.

Increases to appropriations totaling \$2,111,029 for the Agency operating budget were made by the Redevelopment Agency action during the year.

### Encumbrances

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

**VACAVILLE REDEVELOPMENT AGENCY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2008**

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

|                                      | BUDGETED AMOUNTS    |                       | ACTUAL             | VARIANCE<br>WITH FINAL<br>BUDGET |
|--------------------------------------|---------------------|-----------------------|--------------------|----------------------------------|
|                                      | ORIGINAL            | FINAL                 |                    |                                  |
| Revenues:                            |                     |                       |                    |                                  |
| Taxes and fees                       | \$ 5,899,200        | 5,282,800             | \$ 7,006,227       | \$ 1,723,427                     |
| Investment income                    | 33,136              | 33,136                | 52,699             | 19,563                           |
| Other                                | 11,637              | 11,637                | 51,133             | 39,496                           |
| Total revenues                       | <u>5,943,973</u>    | <u>5,327,573</u>      | <u>7,110,059</u>   | <u>1,782,486</u>                 |
| Expenditures:                        |                     |                       |                    |                                  |
| Current:                             |                     |                       |                    |                                  |
| Housing                              | 2,237,845           | 2,237,845             | 2,134,369          | 103,476                          |
| Intergovernmental                    | -                   | 203,000               | 203,000            | -                                |
| Total expenditures                   | <u>2,237,845</u>    | <u>2,440,845</u>      | <u>2,337,369</u>   | <u>103,476</u>                   |
| Excess of revenues over expenditures | <u>3,706,128</u>    | <u>2,886,728</u>      | <u>4,772,690</u>   | <u>1,885,962</u>                 |
| Other financing sources (uses):      |                     |                       |                    |                                  |
| Operating transfers in               | 3,442,000           | -                     | -                  | -                                |
| Operating transfers out              | <u>(1,779,976)</u>  | <u>(5,856,671)</u>    | <u>(5,847,165)</u> | <u>9,506</u>                     |
| Total other financing sources (uses) | <u>1,662,024</u>    | <u>(5,856,671)</u>    | <u>(5,847,165)</u> | <u>9,506</u>                     |
| Net change in total fund balance     | <u>\$ 5,368,152</u> | <u>\$ (2,969,943)</u> | <u>(1,074,475)</u> | <u>\$ 1,895,468</u>              |
| Fund balances, beginning of year     |                     |                       | <u>1,706,428</u>   |                                  |
| Fund balances, end of year           |                     |                       | <u>\$ 631,953</u>  |                                  |

**VACAVILLE REDEVELOPMENT AGENCY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE YEAR ENDED JUNE 30, 2008**

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

|   | BUDGETED AMOUNTS |              | ACTUAL        | VARIANCE<br>WITH FINAL<br>BUDGET |
|---|------------------|--------------|---------------|----------------------------------|
|   | ORIGINAL         | FINAL        |               |                                  |
| Revenues:   |                  |              |               |                                  |
| Investment income   | -                | -            | \$ 490,106    | \$ 490,106                       |
| Other   | -                | -            | 23            | 23                               |
| Total revenues  | -                | -            | 490,129       | 490,129                          |
| Expenditures:   |                  |              |               |                                  |
| Current:  |                  |              |               |                                  |
| Intergovernmental   | -                | 2,962        | 2,962         | -                                |
| Total expenditures  | -                | 2,962        | 2,962         | -                                |
| Excess (deficiency) of revenues   |                  |              |               |                                  |
| Excess of revenues over expenditures  | -                | (2,962)      | 487,167       | 490,129                          |
| Other financing sources (uses):   |                  |              |               |                                  |
| Transfers in  | -                | 2,648,851    | 2,648,851     | -                                |
| Transfers out   | (3,665,332)      | (220,370)    | -             | 220,370                          |
| Total other financing sources (uses)  | (3,665,332)      | 2,428,481    | 2,648,851     | 220,370                          |
| Excess of revenues and other financing<br>sources over expenditures and<br>other financing uses | \$ (3,665,332)   | \$ 2,425,519 | 3,136,018     | \$ 710,499                       |
| Fund balances, beginning of year  |                  |              | 29,673,113    |                                  |
| Fund balances, end of year  |                  |              | \$ 32,809,131 |                                  |

**SUPPLEMENTAL INFORMATION**

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VACAVILLE REDEVELOPMENT AGENCY  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2008

|   | GOVERNMENTAL FUND TYPES  |                         |                          | TOTALS                   |
|---|--------------------------|-------------------------|--------------------------|--------------------------|
|   | SPECIAL<br>REVENUE       | DEBT<br>SERVICE         | CAPITAL<br>PROJECTS      |                          |
| <u>Assets and Other Debits</u>                            |                          |                         |                          |                          |
| Cash and investments                                      | \$ 9,575,199             | \$ 1,646,584            | \$ 19,117,591            | \$ 30,339,374            |
| Receivables:  |                          |                         |                          |                          |
| Interest  | -                        | 19,215                  | 35,910                   | 55,125                   |
| Accounts  | 42,429                   | -                       | 16,039                   | 58,468                   |
| Loans   | 23,992,387               | 2,364,740               | 6,331,898                | 32,689,025               |
| Prepaid items   | -                        | 1,137                   | 268                      | 1,405                    |
| Advances to other funds                                   | 3,442,000                | -                       | -                        | 3,442,000                |
| Advances to the City of Vacaville                         | -                        | -                       | 10,539,452               | 10,539,452               |
| Restricted cash and investments<br>held by fiscal agent   | -                        | 4,380,333               | 12,719,822               | 17,100,155               |
| <br>Total Assets and Other Debits                         | <br><u>\$ 37,052,015</u> | <br><u>\$ 8,412,009</u> | <br><u>\$ 48,760,980</u> | <br><u>\$ 94,225,004</u> |
| <br><u>Liabilities</u>                                    |                          |                         |                          |                          |
| Accounts and contract payable                             | \$ 7,570                 | \$ -                    | \$ 364,961               | \$ 372,531               |
| Accrued payroll   | 53,867                   | -                       | 54,475                   | 108,342                  |
| Deposits payable  | 107,494                  | 1,074,184               | 133,302                  | 1,314,980                |
| Deferred revenue  | -                        | -                       | 2,289,011                | 2,289,011                |
| Advance from other funds                                  | 3,442,000                | -                       | -                        | 3,442,000                |
| <br>Total Liabilities                                     | <br><u>3,610,931</u>     | <br><u>1,074,184</u>    | <br><u>2,841,749</u>     | <br><u>7,526,864</u>     |
| <br><u>Fund Balances and Other Credits</u>                |                          |                         |                          |                          |
| Fund balances:  |                          |                         |                          |                          |
| Reserved for encumbrances                                 | 10,722                   | -                       | 275,554                  | 286,276                  |
| Reserved for loans  | 23,992,387               | 2,364,740               | 4,236,898                | 30,594,025               |
| Reserved for prepaid items                                | -                        | 1,137                   | 268                      | 1,405                    |
| Reserved for advances to other funds                      | 3,442,000                | -                       | -                        | 3,442,000                |
| Reserved for housing                                      | 5,995,975                | -                       | -                        | 5,995,975                |
| Reserved for debt service                                 | -                        | 4,971,948               | -                        | 4,971,948                |
| Reserved for advances to the City of Vacaville            | -                        | -                       | 10,539,452               | 10,539,452               |
| Reserved for capital projects                             | -                        | -                       | 12,719,822               | 12,719,822               |
| Unreserved:   |                          |                         |                          |                          |
| Designated for capital projects                           | -                        | -                       | 18,147,237               | 18,147,237               |
| <br>Total Fund Balances and Other Credits                 | <br><u>33,441,084</u>    | <br><u>7,337,825</u>    | <br><u>45,919,231</u>    | <br><u>86,698,140</u>    |
| <br>Total Liabilities, Fund Balances and<br>Other Credits | <br><u>\$ 37,052,015</u> | <br><u>\$ 8,412,009</u> | <br><u>\$ 48,760,980</u> | <br><u>\$ 94,225,004</u> |

VACAVILLE REDEVELOPMENT AGENCY  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 2008

|  | GOVERNMENTAL FUND TYPES |                     |                      | TOTALS               |
|--|-------------------------|---------------------|----------------------|----------------------|
|  | SPECIAL<br>REVENUE      | DEBT<br>SERVICE     | CAPITAL<br>PROJECTS  |                      |
| Revenues:  |                         |                     |                      |                      |
| Taxes  | \$ 7,006,227            | \$ -                | \$ 28,024,910        | \$ 35,031,137        |
| Investment income  | 542,805                 | 216,227             | 1,505,821            | 2,264,853            |
| Other  | 51,156                  | -                   | 137,688              | 188,844              |
| Total revenues   | <u>7,600,188</u>        | <u>216,227</u>      | <u>29,668,419</u>    | <u>37,484,834</u>    |
| Expenditures:  |                         |                     |                      |                      |
| Current:   |                         |                     |                      |                      |
| Housing  | 2,134,369               | -                   | -                    | 2,134,369            |
| Redevelopment  | -                       | -                   | 8,595,475            | 8,595,475            |
| Shared revenues  | -                       | -                   | 12,345,294           | 12,345,294           |
| Intergovernmental  | 205,962                 | 71,346              | 2,998,312            | 3,275,620            |
| Capital outlay   | -                       | -                   | 4,999,365            | 4,999,365            |
| Debt service:  |                         |                     |                      |                      |
| Principal  | -                       | 2,636,663           | -                    | 2,636,663            |
| Interest and fiscal charges                                  | -                       | 4,016,468           | -                    | 4,016,468            |
| Total expenditures   | <u>2,340,331</u>        | <u>6,724,477</u>    | <u>28,938,446</u>    | <u>38,003,254</u>    |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>5,259,857</u>        | <u>(6,508,250)</u>  | <u>729,973</u>       | <u>(518,420)</u>     |
| Other financing sources (uses):                              |                         |                     |                      |                      |
| Transfers in   | 2,648,851               | 6,479,200           | 1,577,939            | 10,705,990           |
| Transfers out  | (5,847,165)             | -                   | (4,858,825)          | (10,705,990)         |
| Issuance of debt and loans                                   | -                       | -                   | 1,777,899            | 1,777,899            |
| Total other financing sources (uses)                         | <u>(3,198,314)</u>      | <u>6,479,200</u>    | <u>(1,502,987)</u>   | <u>1,777,899</u>     |
| Net change in total fund balance                             | 2,061,543               | (29,050)            | (773,014)            | 1,259,479            |
| Fund balances, beginning of year                             | <u>31,379,541</u>       | <u>7,366,875</u>    | <u>46,692,245</u>    | <u>85,438,661</u>    |
| Fund balances, end of year                                   | <u>\$ 33,441,084</u>    | <u>\$ 7,337,825</u> | <u>\$ 45,919,231</u> | <u>\$ 86,698,140</u> |

VACAVILLE REDEVELOPMENT AGENCY  
SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET SCHEDULE  
JUNE 30, 2008

|                                      | <u>HOUSING</u>      | <u>REDEVELOPMENT<br/>LOANS</u> | <u>TOTALS</u>        |
|--------------------------------------|---------------------|--------------------------------|----------------------|
| <u>Assets</u>                        |                     |                                |                      |
| Cash and investments                 | \$ 4,194,190        | \$ 5,381,009                   | \$ 9,575,199         |
| Receivables:                         |                     |                                |                      |
| Accounts                             | 26,839              | 15,590                         | 42,429               |
| Loans                                | 21,855              | 23,970,532                     | 23,992,387           |
| Advances to other funds              | <u>-</u>            | <u>3,442,000</u>               | <u>3,442,000</u>     |
| Total Assets                         | <u>\$ 4,242,884</u> | <u>\$ 32,809,131</u>           | <u>\$ 37,052,015</u> |
| <u>Liabilities and Fund Balances</u> |                     |                                |                      |
| Liabilities:                         |                     |                                |                      |
| Accounts and contract payable        | \$ 7,570            | \$ -                           | \$ 7,570             |
| Accrued payroll                      | 53,867              | -                              | 53,867               |
| Deposits payable                     | 107,494             | -                              | 107,494              |
| Advances from other funds            | <u>3,442,000</u>    | <u>-</u>                       | <u>3,442,000</u>     |
| Total Liabilities                    | <u>3,610,931</u>    | <u>-</u>                       | <u>3,610,931</u>     |
| Fund balances:                       |                     |                                |                      |
| Reserved for encumbrances            | 10,722              | -                              | 10,722               |
| Reserved for loans                   | 21,855              | 23,970,532                     | 23,992,387           |
| Reserved for advances to other funds | -                   | 3,442,000                      | 3,442,000            |
| Reserved for housing                 | <u>599,376</u>      | <u>5,396,599</u>               | <u>5,995,975</u>     |
| Total Fund Balances                  | <u>631,953</u>      | <u>32,809,131</u>              | <u>33,441,084</u>    |
| Total Liabilities and Fund Balances  | <u>\$ 4,242,884</u> | <u>\$ 32,809,131</u>           | <u>\$ 37,052,015</u> |

**VACAVILLE REDEVELOPMENT AGENCY**  
**SPECIAL REVENUE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

|   | <u>HOUSING</u>     | <u>REDEVELOPMENT<br/>LOANS</u> | <u>TOTALS</u>        |
|---|--------------------|--------------------------------|----------------------|
| Revenues:                               |                    |                                |                      |
| Taxes                                   | \$ 7,006,227       | \$ -                           | \$ 7,006,227         |
| Investment income                       | 52,699             | 490,106                        | 542,805              |
| Other                                   | <u>51,133</u>      | <u>23</u>                      | <u>51,156</u>        |
| Total revenues                          | <u>7,110,059</u>   | <u>490,129</u>                 | <u>7,600,188</u>     |
| Expenditures:                           |                    |                                |                      |
| Current:                                |                    |                                |                      |
| Housing                                 | 2,134,369          | -                              | 2,134,369            |
| Intergovernmental                       | <u>203,000</u>     | <u>2,962</u>                   | <u>205,962</u>       |
| Total expenditures                      | <u>2,337,369</u>   | <u>2,962</u>                   | <u>2,340,331</u>     |
| Excess of revenues over expenditures    | <u>4,772,690</u>   | <u>487,167</u>                 | <u>5,259,857</u>     |
| Other financing sources (uses):         |                    |                                |                      |
| Transfers in                            | -                  | 2,648,851                      | 2,648,851            |
| Transfers out                           | <u>(5,847,165)</u> | <u>-</u>                       | <u>(5,847,165)</u>   |
| Total other financing<br>sources (uses) | <u>(5,847,165)</u> | <u>2,648,851</u>               | <u>(3,198,314)</u>   |
| Net change in total fund balance        | (1,074,475)        | 3,136,018                      | 2,061,543            |
| Fund balances, beginning of year        | <u>1,706,428</u>   | <u>29,673,113</u>              | <u>31,379,541</u>    |
| Fund balances, end of year              | <u>\$ 631,953</u>  | <u>\$ 32,809,131</u>           | <u>\$ 33,441,084</u> |

VACAVILLE REDEVELOPMENT AGENCY  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET SCHEDULE  
JUNE 30, 2008

|   | COMMUNITY<br>REDEVELOPMENT<br>PROJECT AREA I | I-505/80<br>REDEVELOPMENT<br>PROJECT AREA II | TOTALS                         |
|---|--|--|--------------------------------|
| <u>Assets</u>   |  |  |                                |
| Cash and investments                                    | \$ 1,467,188                                 | \$ 179,396                                   | \$ 1,646,584                   |
| Receivables:  |  |  |                                |
| Interest  | 16,819                                       | 2,396  | 19,215                         |
| Loans   | 2,364,740                                    | -  | 2,364,740                      |
| Prepaid items   | 1,137  | -  | 1,137                          |
| Restricted cash and investments<br>held by fiscal agent | <u>2,564,856</u>                             | <u>1,815,477</u>                             | <u>4,380,333</u>               |
| <br>Total Assets  | <br><u><u>\$ 6,414,740</u></u>               | <br><u><u>\$ 1,997,269</u></u>               | <br><u><u>\$ 8,412,009</u></u> |
| <u>Liabilities and Fund Balances</u>                    |  |  |                                |
| Liabilities:  |  |  |                                |
| Deposits payable  | <u>\$ 1,074,184</u>                          | <u>\$ -</u>                                  | <u>\$ 1,074,184</u>            |
| Fund balances:  |  |  |                                |
| Reserved for loans receivable                           | 2,364,740                                    | -  | 2,364,740                      |
| Reserved for prepaid items                              | 1,137  | -  | 1,137                          |
| Reserved for debt service                               | <u>2,974,679</u>                             | <u>1,997,269</u>                             | <u>4,971,948</u>               |
| <br>Total Fund Equity                                   | <br><u>5,340,556</u>                         | <br><u>1,997,269</u>                         | <br><u>7,337,825</u>           |
| <br>Total Liabilities and Fund Balances                 | <br><u><u>\$ 6,414,740</u></u>               | <br><u><u>\$ 1,997,269</u></u>               | <br><u><u>\$ 8,412,009</u></u> |

**VACAVILLE REDEVELOPMENT AGENCY**  
**DEBT SERVICE FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2008**

|   | COMMUNITY<br>REDEVELOPMENT<br>PROJECT AREA I | I-505/80<br>REDEVELOPMENT<br>PROJECT AREA II | TOTALS              |
|---|--|--|---------------------|
| Revenues:                                 |  |  |                     |
| Investment income                         | \$ 160,952                                   | \$ 55,275                                    | \$ 216,227          |
| Total revenues                            | <u>160,952</u>                               | <u>55,275</u>                                | <u>216,227</u>      |
| Expenditures:                             |  |  |                     |
| Current:                                  |  |  |                     |
| Intergovernmental                         | 2,279  | 69,067                                       | 71,346              |
| Debt service:                             |  |  |                     |
| Principal                                 | 1,085,680                                    | 1,550,983                                    | 2,636,663           |
| Interest and fiscal charges               | <u>2,795,335</u>                             | <u>1,221,133</u>                             | <u>4,016,468</u>    |
| Total expenditures                        | <u>3,883,294</u>                             | <u>2,841,183</u>                             | <u>6,724,477</u>    |
| Deficiency of revenues under expenditures | <u>(3,722,342)</u>                           | <u>(2,785,908)</u>                           | <u>(6,508,250)</u>  |
| Other financing sources (uses):           |  |  |                     |
| Transfers in                              | <u>3,714,438</u>                             | <u>2,764,762</u>                             | <u>6,479,200</u>    |
| Total other financing sources (uses)      | <u>3,714,438</u>                             | <u>2,764,762</u>                             | <u>6,479,200</u>    |
| Net change in total fund balance          | (7,904)                                      | (21,146)                                     | (29,050)            |
| Fund balances, beginning of year          | <u>5,348,460</u>                             | <u>2,018,415</u>                             | <u>7,366,875</u>    |
| Fund balances, end of year                | <u>\$ 5,340,556</u>                          | <u>\$ 1,997,269</u>                          | <u>\$ 7,337,825</u> |

VACAVILLE REDEVELOPMENT AGENCY  
 CAPITAL PROJECTS FUNDS  
 COMBINING BALANCE SHEET SCHEDULE  
 JUNE 30, 2008

|   | COMMUNITY<br>REDEVELOPMENT<br>PROJECT AREA I | I-505/80<br>REDEVELOPMENT<br>PROJECT AREA II | TOTALS        |
|---|--|--|---------------|
| <u>Assets</u>   |  |  |               |
| Cash and investments                                    | \$ 8,321,949                                 | \$ 10,795,642                                | \$ 19,117,591 |
| Receivables:  |  |  |               |
| Interest  | 35,910                                       | -  | 35,910        |
| Accounts  | 8,119  | 7,920  | 16,039        |
| Loans   | 5,940,124                                    | 391,774                                      | 6,331,898     |
| Advances to the City of Vacaville                       | 1,943,137                                    | 8,596,315                                    | 10,539,452    |
| Prepaid items   | 200  | 68   | 268           |
| Restricted cash and investments<br>held by fiscal agent | 12,210,178                                   | 509,644                                      | 12,719,822    |
| Total Assets  | \$ 28,459,617                                | \$ 20,301,363                                | \$ 48,760,980 |
| <u>Liabilities and Fund Balances</u>                    |  |  |               |
| <u>Liabilities:</u>                                     |  |  |               |
| Accounts and contract payable                           | \$ 81,904                                    | \$ 283,057                                   | \$ 364,961    |
| Accrued payroll   | 13,316                                       | 41,159                                       | 54,475        |
| Deposits payable  | 78,302                                       | 55,000                                       | 133,302       |
| Deferred revenue  | 2,231,716                                    | 57,295                                       | 2,289,011     |
| Total Liabilities                                       | 2,405,238                                    | 436,511                                      | 2,841,749     |
| <u>Fund balances:</u>                                   |  |  |               |
| Reserved for encumbrances                               | 156,375                                      | 119,179                                      | 275,554       |
| Reserved for loans                                      | 3,845,124                                    | 391,774                                      | 4,236,898     |
| Reserved for advances to the<br>City of Vacaville       | 1,943,137                                    | 8,596,315                                    | 10,539,452    |
| Reserved for prepaid items                              | 200  | 68   | 268           |
| Reserved for capital projects                           | 12,210,178                                   | 509,644                                      | 12,719,822    |
| Unreserved:   |  |  |               |
| Designated for capital projects                         | 7,899,365                                    | 10,247,872                                   | 18,147,237    |
| Total Fund Balances                                     | 26,054,379                                   | 19,864,852                                   | 45,919,231    |
| Total Liabilities and Fund Balances                     | \$ 28,459,617                                | \$ 20,301,363                                | \$ 48,760,980 |

VACAVILLE REDEVELOPMENT AGENCY  
 CAPITAL PROJECTS FUNDS  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 FOR THE YEAR ENDED JUNE 30, 2008

|   | COMMUNITY<br>REDEVELOPMENT<br>PROJECT AREA I | I-505/80<br>REDEVELOPMENT<br>PROJECT AREA II | TOTALS        |
|---|--|--|---------------|
| Revenues:                                 |  |  |               |
| Taxes                                     | \$ 6,794,638                                 | \$ 21,230,272                                | \$ 28,024,910 |
| Investment income                         | 1,067,362                                    | 438,459                                      | 1,505,821     |
| Other                                     | 21,860                                       | 115,828                                      | 137,688       |
| Total revenues                            | 7,883,860                                    | 21,784,559                                   | 29,668,419    |
| Expenditures:                             |  |  |               |
| Current:                                  |  |  |               |
| Redevelopment                             | 2,150,114                                    | 6,445,361                                    | 8,595,475     |
| Shared revenues                           | 1,599,398                                    | 10,745,896                                   | 12,345,294    |
| Intergovernmental                         | 609,623                                      | 2,388,689                                    | 2,998,312     |
| Capital outlay                            | 4,914,478                                    | 84,887                                       | 4,999,365     |
| Total expenditures                        | 9,273,613                                    | 19,664,833                                   | 28,938,446    |
| Deficiency of revenues under expenditures | (1,389,753)                                  | 2,119,726                                    | 729,973       |
| Other financing sources (uses):           |  |  |               |
| Transfers in                              | 1,577,939                                    | -  | 1,577,939     |
| Transfers out                             | (2,094,063)                                  | (2,764,762)                                  | (4,858,825)   |
| Issuance of debt and loans                | -  | 1,777,899                                    | 1,777,899     |
| Total other financing sources (uses)      | (516,124)                                    | (986,863)                                    | (1,502,987)   |
| Net change in total fund balance          | (1,905,877)                                  | 1,132,863                                    | (773,014)     |
| Fund balances, beginning of year          | 27,960,256                                   | 18,731,989                                   | 46,692,245    |
| Fund balances, end of year                | \$ 26,054,379                                | \$ 19,864,852                                | \$ 45,919,231 |



*Andrews Park*



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

To the Honorable Members of the Governing Board  
of the Vacaville Redevelopment Agency  
Vacaville, California

We have audited the basic financial statements of the Vacaville Redevelopment Agency (Agency), a component unit of the City of Vacaville (City), California, as of and for the year ended June 30, 2008, and have issued our report thereon dated November 4, 2008. We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Oakland**

180 Grand Ave., Suite 1365  
Oakland, California 94612

**Orange County**

9 Corporate Park, Suite 100  
Irvine, California 92606

**Sacramento**

777 Campus Commons Rd., Suite 200  
Sacramento, California 95825

**San Diego**

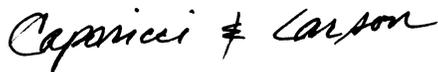
4858 Mercury, Suite 106  
San Diego, California 92111

To the Honorable Members of the Governing Board  
of the Vacaville Redevelopment Agency  
Vacaville, California  
Page 2

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. Such provisions included those provisions of laws identified in the *Guidelines for Compliance Audits of California Redevelopment Agencies*, issued by the State Controller and as interpreted in the *Suggested Auditing Procedures for Accomplishing Compliance Audits of California Redevelopment Agencies*, issued by the Governmental Accounting and Auditing Committee of the California Society of Certified Public Accountants. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Directors of the Agency, others within the entity, and The State Controller and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.



Oakland, California  
November 4, 2008