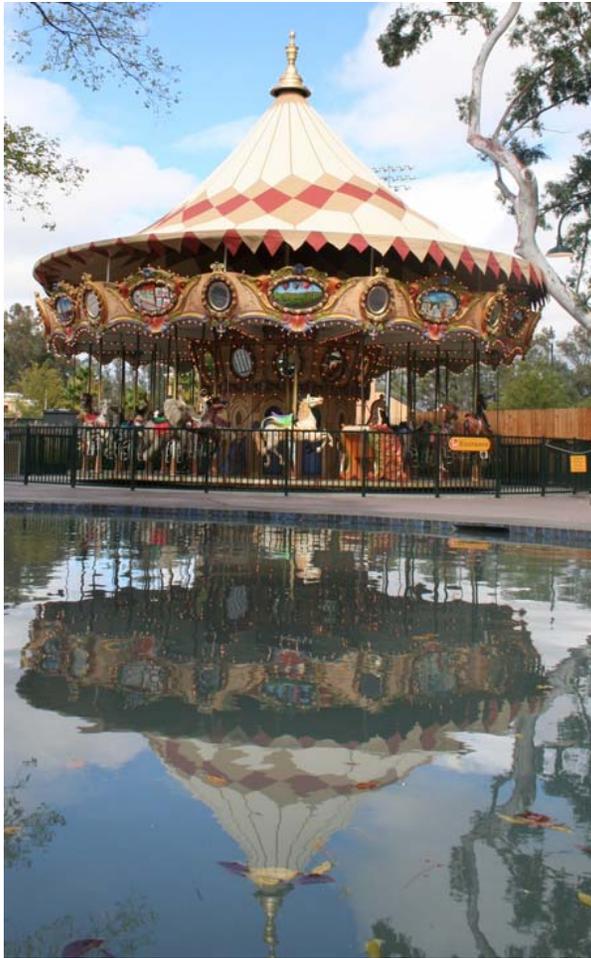


City of Vacaville, California



Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2007



CITY OF VACAVILLE

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2007



Prepared by: Department of Finance

The pictorial theme for this year's CAFR is the Nut Tree Family Park. The inside pictures are from the Nut Tree Carousel – a panorama of hand-painted murals illustrating the original Nut Tree.



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CITY OF VACAVILLE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

COUNCIL MEMBERS
LEN AUGUSTINE, Mayor
CHUCK DIMMICK, Vice Mayor
PAULINE CLANCY
CURTIS HUNT
STEVE WILKINS
www.cityofvacaville.com

October 26, 2007

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

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) of the City of Vacaville (the City) for the fiscal year ended June 30, 2007.

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

The City's financial statements have been audited by Caporicci & Larson, a firm of certified public accountants. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unqualified opinion on the City's financial statements for the fiscal year ended June 30, 2007. The independent auditor's report is presented as the first component of the financial section of this CAFR.

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

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

Profile of the City of Vacaville

The City of Vacaville, incorporated in 1892, is located in northern Solano County, on the I-80 corridor, roughly midway between San Francisco and Sacramento. The City currently occupies a land area of roughly 27 square miles.

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

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

The annual budget serves as the foundation for the City's financial planning and control. The City Manager presents the proposed budget to the City Council for review. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than June 30, which is the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Department heads may make transfers of appropriations within a department. The City Manager has certain authority to transfer appropriations between departments and funds, as long as overall appropriations remain within the amounts adopted by the City Council. (The City's budgetary procedures are more fully discussed later under the Required Supplementary Information section of the CAFR.) Budget-to-actual comparisons are provided in this report for each governmental fund for which an appropriated annual budget has been adopted. This comparison is also presented as part of the Required Supplementary Information beginning on page 89 of this CAFR.

Local economy. The City is located in Solano County, which is part of the nine-county San Francisco Bay Area region. The City also lies in very close proximity to the Sacramento Valley region as well. These are two of California's top performing regions. The City's population is 96,489 (which include 9,092 prisoners housed in the California State Department of Corrections penal and medical facilities located in Vacaville).

The economic outlook for the City remains strong. The infrastructure is in excellent condition and has excess capacity for continued commercial and residential development. Approximately one million highly educated and trained employed persons live within a one hour drive of Vacaville, and housing prices are one-third to one-half of prices found in other Bay Area communities. The City has excellent freeway access and is home to the Nut Tree Airport, which is the only general aviation airport on the I-80 corridor between the Bay Area and Sacramento.

Genentech is currently underway with a major expansion of its biopharmaceutical manufacturing facilities in Vacaville that will add 1,500 jobs upon completion. State Compensation Insurance Fund has recently begun development of a 430,000 square foot office campus that will eventually provide 2,000 new jobs. Kaiser Permanente is nearing completion on a 150 bed, full service hospital and 230,000 square feet of additional office space that will add another 1,500 jobs.

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

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

Long-term financial planning. Annually, the City updates a Capital Improvement Program (CIP) based upon future capital and infrastructure needs as contained in the City's long-range development impact fee (DIF) analysis, along with other capital and technology planning documents. The CIP and technology projects for fiscal year 2006/2007 totaled \$28 million. Funding comes from multiple sources, including existing funds; Redevelopment Agency bond funds; and regional, state and federal funds. The City has also returned to a two-year operating budget cycle; although the City Council only adopts one year at a time.

Cash management policies and practices. Cash temporarily idle during the year was invested principally in federal agency securities, money market funds and medium term notes. The average maturity of investments was less than two (2) years. All securities are held in third party safekeeping by Bank of New York as agent for the City. All transactions originated and authorized by the City are transacted on a delivery versus payment (DVP) basis in order to perfect delivery. The average yield on investments was 4.72% for the fiscal year.

Risk management. Risk exposures to the assets of the City are managed through a combination of self-insured retention and insurance coverage. The City believes it has, to the extent deemed adequate, sufficient current assets to cover the actuarially determined liability for general liability and workers' compensation claims, including claims incurred but not reported. The City maintains excess liability insurance to provide coverage beyond a self-insured retention of \$500,000 per occurrence for general liability and \$250,000 for workers' compensation.

Pension benefits. The City provides pension benefits for all employees through a statewide plan managed by the California Public Employees Retirement System (CalPERS). The City also offers supplemental retirement benefits through a plan managed by the Public Agency Retirement System Trust (PARS). The City has no connection with employee benefits offered through this plan beyond its annual contractual payment to CalPERS and PARS. Additional information on the plans can be found in Note 7 in the notes to the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the fifteenth (15th) consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the city published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

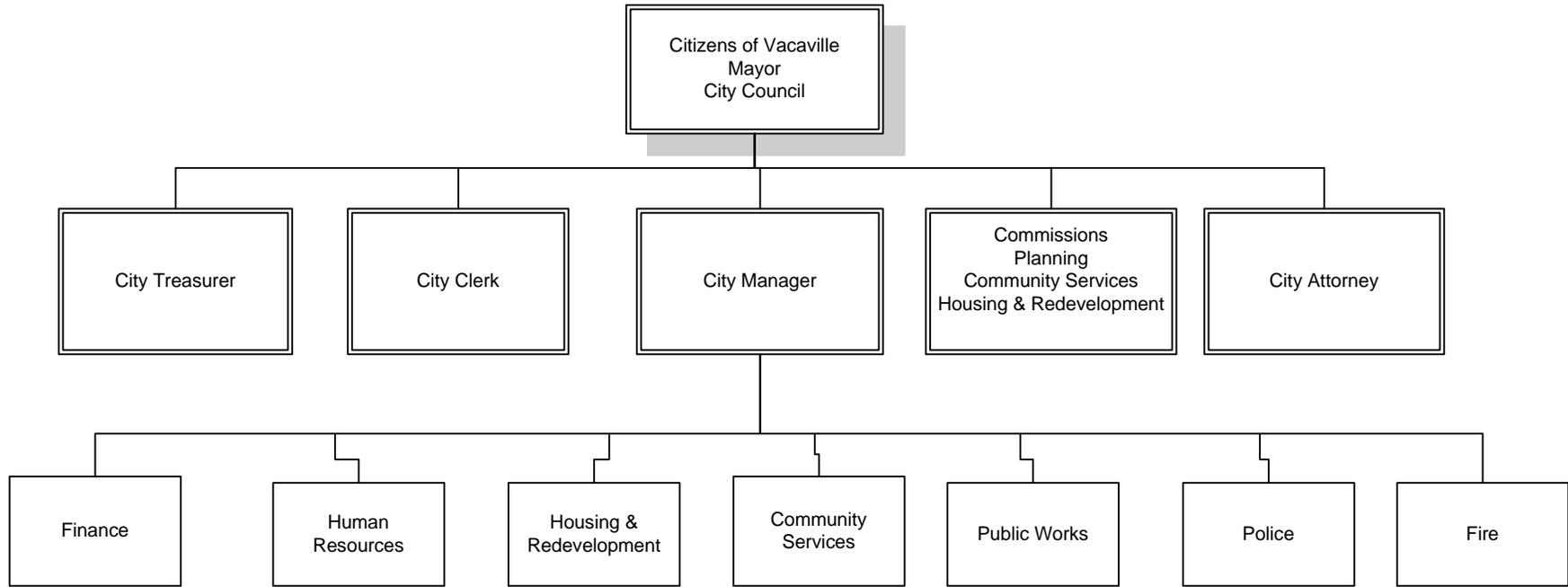
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Accounting Division, particularly the leadership of Joan Wallace, Accounting Manager and Julie Brown, Accounting Supervisor. Credit must also be given to the Mayor, City Council, and City Manager for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



Kenneth R. Campo, CPA
Director of Finance
City of Vacaville

City of Vacaville Organization Chart



City of Vacaville
List of Elected and Appointed Officials
June 30, 2007

Elected Officials

Mayor
Vice Mayor
Council Member
Council Member
Council Member
City Treasurer
City Clerk

Leonard J. Augustine
Chuck Dimmick
Pauline I. Clancy
Curtis Hunt
Steve Wilkins
Garland Porter
Michelle Thornbrugh

Appointed Officials

City Manager
City Attorney
Assistant City Manager
Director of Finance
Fire Chief
Chief of Police
Director of Public Works
Director of Community Development
Director of Housing & Redevelopment
Director of Community Services

David J. Van Kirk
Gerald Hobrecht
Laura Kuhn
Kenneth R. Campo, CPA
Brian Preciado
Richard Word
Dale Pfeiffer
Scott Sexton
Cynthia Johnston
Kerry Walker

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Vacaville
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

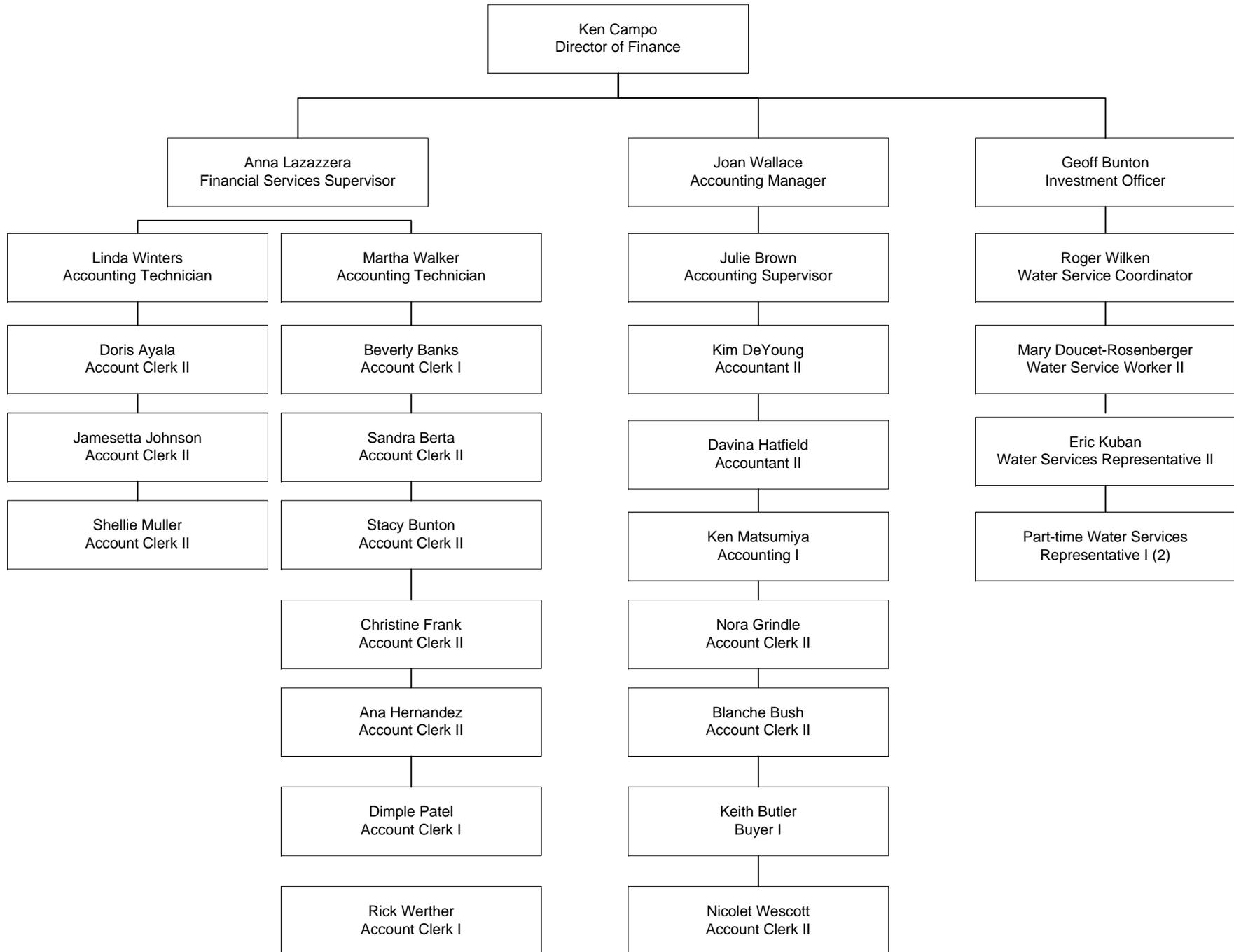
Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Vacaville for its comprehensive annual financial report for the fiscal year ended June 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Vacaville has received a Certificate of Achievement for the last fifteen consecutive fiscal years ended June 30, 2006. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Department of Finance





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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vacaville, California (City), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these basic 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 opinion.

In our opinion, such basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof 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 a report dated October 26, 2007 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions, law, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering results of our audit.

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Irvine, California 92606

Sacramento
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Sacramento, California 95825

San Diego
4858 Mercury, Suite 106
San Diego, California 92111

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

The accompanying Required Supplementary Information, such as management's discussion and analysis, budgetary comparison information and other information as listed in the table of contents are 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 consisted 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplemental 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 is our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Capricci & Carlson

Oakland, California
October 26, 2007

CITY OF VACAVILLE
Management's Discussion and Analysis
For the year ended June 30, 2007
(Amounts expressed in thousands)

As management of the City of Vacaville (the City), we offer this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with additional information furnished in our letter of transmittal, which can be found on pages vii-xi of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- Assets exceeded liabilities at June 30, 2007 by \$764,354 (*net assets*). Of this amount, \$171,958 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net assets increased by \$39,634 due mainly to the collection of development impact fees, contributions, operating and capital grants.
- As of the close of the current fiscal year, governmental funds reported combined ending fund balances of \$116,300, an increase of \$13,465 in comparison with the prior year. Approximately 38% of the fund balance, \$44,250, is *available for spending* at the City's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$13,519, or 22% of ongoing, operating revenues of the general fund.
- Total long-term obligations for governmental activities increased by \$14,393 and total long-term obligations for business-type activities decreased by \$2,873.
- Total liabilities increased by \$10,149 (5%) during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The

CITY OF VACAVILLE
Management's Discussion and Analysis
For the year ended June 30, 2007
(Amounts expressed in thousands)

governmental activities of the City include general government, public safety, public works, community development and community services. The business-type activities of the City include sewer, water and transit enterprise operations.

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

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

The government-wide financial statements can be found on pages 18-19 of this report.

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

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

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

The City maintains fourteen individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Community Development, Redevelopment Agency Special Revenue, Certificates of Participation, Redevelopment Debt Service, City Projects and Redevelopment Capital Projects funds, all of which are considered to be major funds. Data for the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* and can be found on pages 96-102 of this report.

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

The governmental fund financial statements can be found on pages 22-25 of this report.

CITY OF VACAVILLE
Management's Discussion and Analysis
For the year ended June 30, 2007
(Amounts expressed in thousands)

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

Proprietary funds provide the same type of information as the government-wide financial statements (*business type activities*), only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Water, and Transit operations, all of which are considered to be major funds of the City. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* and be found on pages 104-106 of this report.

The basic proprietary fund financial statements can be found on pages 28-33 of this report.

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

The fiduciary fund financial statements can be found on page 36 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-86 of this report.

Government-wide Financial Analysis

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

CITY OF VACAVILLE
Management's Discussion and Analysis
For the year ended June 30, 2007
(Amounts expressed in thousands)

	NET ASSETS					
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 156,435	\$ 147,044	\$ 100,522	\$ 105,626	\$ 256,957	\$ 252,670
Capital assets	<u>471,518</u>	<u>444,869</u>	<u>246,497</u>	<u>227,651</u>	<u>718,015</u>	<u>672,520</u>
Total assets	<u>627,953</u>	<u>591,913</u>	<u>347,019</u>	<u>333,277</u>	<u>974,972</u>	<u>925,190</u>
Current and other liabilities	14,296	12,342	6,333	6,833	20,629	19,175
Long-term obligations	<u>118,769</u>	<u>108,904</u>	<u>71,220</u>	<u>72,390</u>	<u>189,989</u>	<u>181,294</u>
Total liabilities	<u>133,065</u>	<u>121,246</u>	<u>77,553</u>	<u>79,223</u>	<u>210,618</u>	<u>200,469</u>
Net assets:						
Invested in capital assets, net of related debt	375,201	362,498	180,813	159,093	556,014	521,591
Restricted	36,382	33,683	-	-	36,382	33,683
Unrestricted	<u>83,305</u>	<u>74,486</u>	<u>88,653</u>	<u>94,960</u>	<u>171,958</u>	<u>169,446</u>
Total Net Assets	<u>\$ 494,888</u>	<u>\$ 470,667</u>	<u>\$ 269,466</u>	<u>\$ 254,053</u>	<u>\$ 764,354</u>	<u>\$ 724,720</u>

The City's assets exceeded liabilities by \$764,354 at June 30, 2007, an increase of \$39,634 from June 30, 2006. By far the largest portion of the City's net assets (73%) reflects its investment in capital assets (i.e., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets still outstanding and net of any unspent bond proceeds and cash held in bond reserve accounts. The City uses these capital assets to provide municipal services to the community; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (5%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net assets (22%) may be used to meet the government's ongoing obligations to citizens and creditors.

The City's total net assets increased by \$ 39,634 during the current fiscal year, which reflects growth in both governmental (\$ 24,221) and business type (\$15,413) activities. This is primarily due to continued investment by the City in its infrastructure, which is largely funded by grants and dedicated revenue sources.

The following is a condensed summary of activities of the City's governmental and business type operations for the period ended June 30, 2007, with the prior fiscal year presented for comparative purposes. Also included are revenue and expense graphs to aid in understanding the results of the current year's activities.

CITY OF VACAVILLE
Management's Discussion and Analysis
For the year ended June 30, 2007
(Amounts expressed in thousands)

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2007	2006	2007	2006	2007	2006
REVENUES:						
Program Revenues:						
Charges for services	\$ 16,104	\$ 17,095	\$ 30,142	\$ 27,664	\$ 46,246	\$ 44,759
Operating grants & contributions	14,652	16,011	1,810	2,090	16,462	18,101
Capital grants & contributions	21,677	13,063	11,840	6,866	33,517	19,929
General Revenues:						
Taxes:						
Property taxes	55,145	48,450	89	87	55,234	48,537
Sales taxes	16,474	16,116	-	-	16,474	16,116
Franchise taxes	2,643	2,004	-	-	2,643	2,004
Transient lodging tax	1,048	942	-	-	1,048	942
Business license tax	319	290	-	-	319	290
Excise tax	2,217	2,251	-	-	2,217	2,251
Gasoline tax	1,772	1,776	-	-	1,772	1,776
Vehicle license taxes	595	598	-	-	595	598
Unrestricted capital contributions	6,863	3,785	5,887	2,234	12,750	6,019
Interest and other	8,069	4,379	3,411	2,629	11,480	7,008
Total revenues	<u>147,578</u>	<u>126,760</u>	<u>53,179</u>	<u>41,570</u>	<u>200,757</u>	<u>168,330</u>
Expenses:						
Governmental activities:						
General government	12,627	11,034	-	-	12,627	11,034
Public safety	40,606	36,497	-	-	40,606	36,497
Public works	22,432	18,313	-	-	22,432	18,313
Community services	12,128	11,964	-	-	12,128	11,964
Housing	13,013	15,348	-	-	13,013	15,348
Redevelopment	17,753	8,684	-	-	17,753	8,684
Interest on long-term debt	5,203	5,082	-	-	5,203	5,082
Business-type activities:						
Sewer	-	-	19,800	18,230	19,800	18,230
Water	-	-	15,059	13,135	15,059	13,135
Transit	-	-	2,501	2,974	2,501	2,974
Total expenses	<u>123,762</u>	<u>106,922</u>	<u>37,360</u>	<u>34,339</u>	<u>161,122</u>	<u>141,261</u>
Increase(decrease) in net assets before transfers	23,816	19,838	15,819	7,231	39,635	27,069
Transfers	<u>43</u>	<u>31</u>	<u>(43)</u>	<u>(31)</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	23,859	19,869	15,776	7,200	39,635	27,069
Net assets-July 1, 2006	<u>471,030</u>	<u>450,798</u>	<u>253,690</u>	<u>246,853</u>	<u>724,720</u>	<u>697,651</u>
Net assets-June 30, 2007	<u>\$ 494,889</u>	<u>\$ 470,667</u>	<u>\$ 269,466</u>	<u>\$ 254,053</u>	<u>\$ 764,355</u>	<u>\$ 724,720</u>

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Management's Discussion and Analysis
For the year ended June 30, 2007
(Amounts expressed in thousands)

Governmental activities. Governmental activities increased the City's net assets by \$23,859, thereby accounting for 60% of the total growth in the net assets. The net assets in the prior fiscal year increased by \$19,869. Key elements of this year's activity in relation to the prior year are as follows:

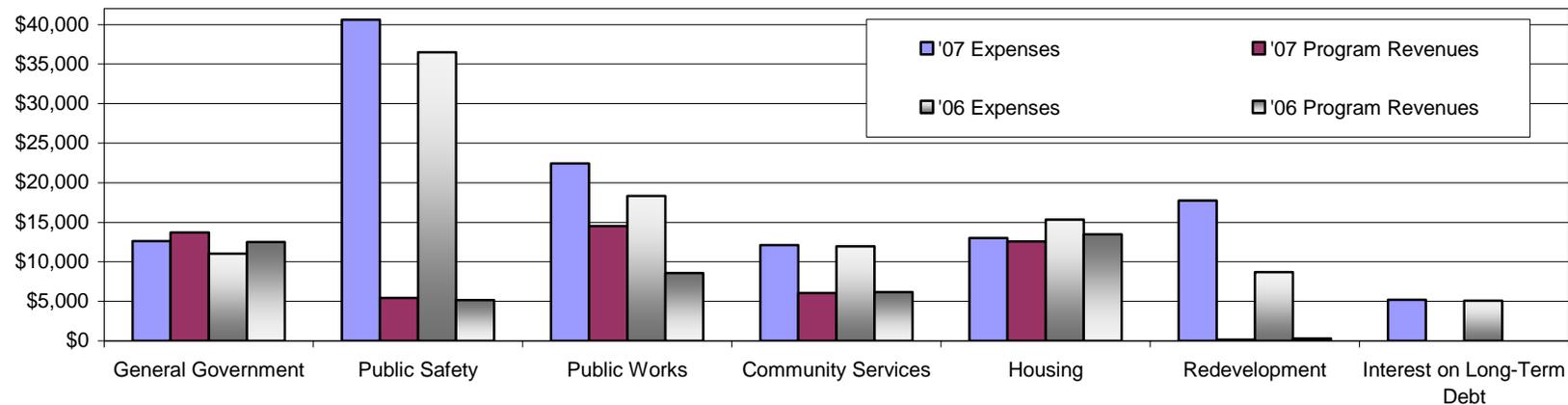
Revenues:

- Operating and capital grants and contributions, in total, increased \$7,255 in 2007 primarily due to increased grant funding for street capital projects.
- Property taxes increased \$7,301 in 2007, principally because of growth in residential housing prices in the local region and expanded economic development activities within redevelopment project areas.
- Unrestricted capital contributions (i.e., not restricted to a specific program) increased \$3,078 mainly due to developer contributed assets.
- Interest and other general revenues increased approximately \$3,690, with the bulk of the increase being attributable to higher investment earnings stemming from increased interest rates over the previous year.

Expenditures:

- While significant variances between years exist for the various expense functions, the total net increase was approximately \$17 million. The more significant items are: (1) increased salaries and benefits, including additional sworn safety personnel, (2) increased costs associated with capital projects and development activities, particularly within redevelopment project areas, and (3) a decline in the amount of funds available for spending on affordable housing.

Expenses and Program Revenues - Governmental Activities - Fiscal Year Comparison 2007 vs. 2006



CITY OF VACAVILLE
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(Amounts expressed in thousands)

Revenues by Source – Governmental Activities – Fiscal Year Comparison

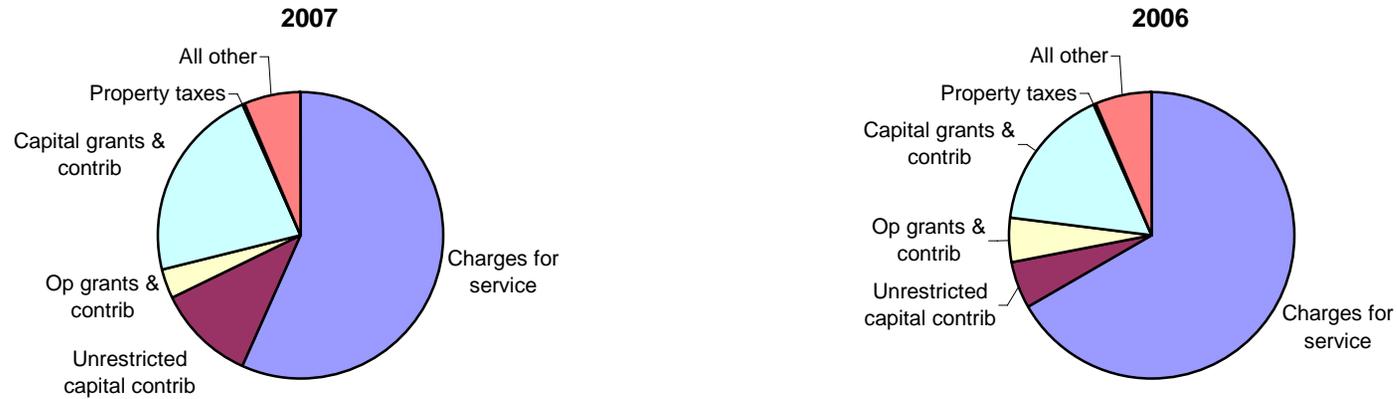


Business-type activities. Business-type activities increased the City's net assets by \$ 15,776 accounting for 39.8% of the total growth in net assets. The net assets of business type activities increased by \$7,200 in the prior year. Key elements of this year's increase in relation to the prior year are as follows:

- In 2007, charges for services increased \$2,478 primarily due to water and sewer rate increases; 5% for water and 9% for sewer. The rate increases are part of a multi-year program designed to ensure the utility operations have sufficient resources to cover operating, debt service and capital replacement obligations.
- Capital grants and contributions (restricted and unrestricted) increased \$4,974 in the current year to \$11,840. The increase is attributable to an increase in capital contributions from increased development activity and increased capital grants from the federal government for transit related projects.
- The total net increase in expenses for business-type activities was \$3,021. Significant items include increased treatment costs for both water and sewer, along with increased personnel costs as noted above.

CITY OF VACAVILLE
Management's Discussion and Analysis
For the year ended June 30, 2007
(Amounts expressed in thousands)

Revenues by Source – Business Type Activities – Fiscal Year Comparison

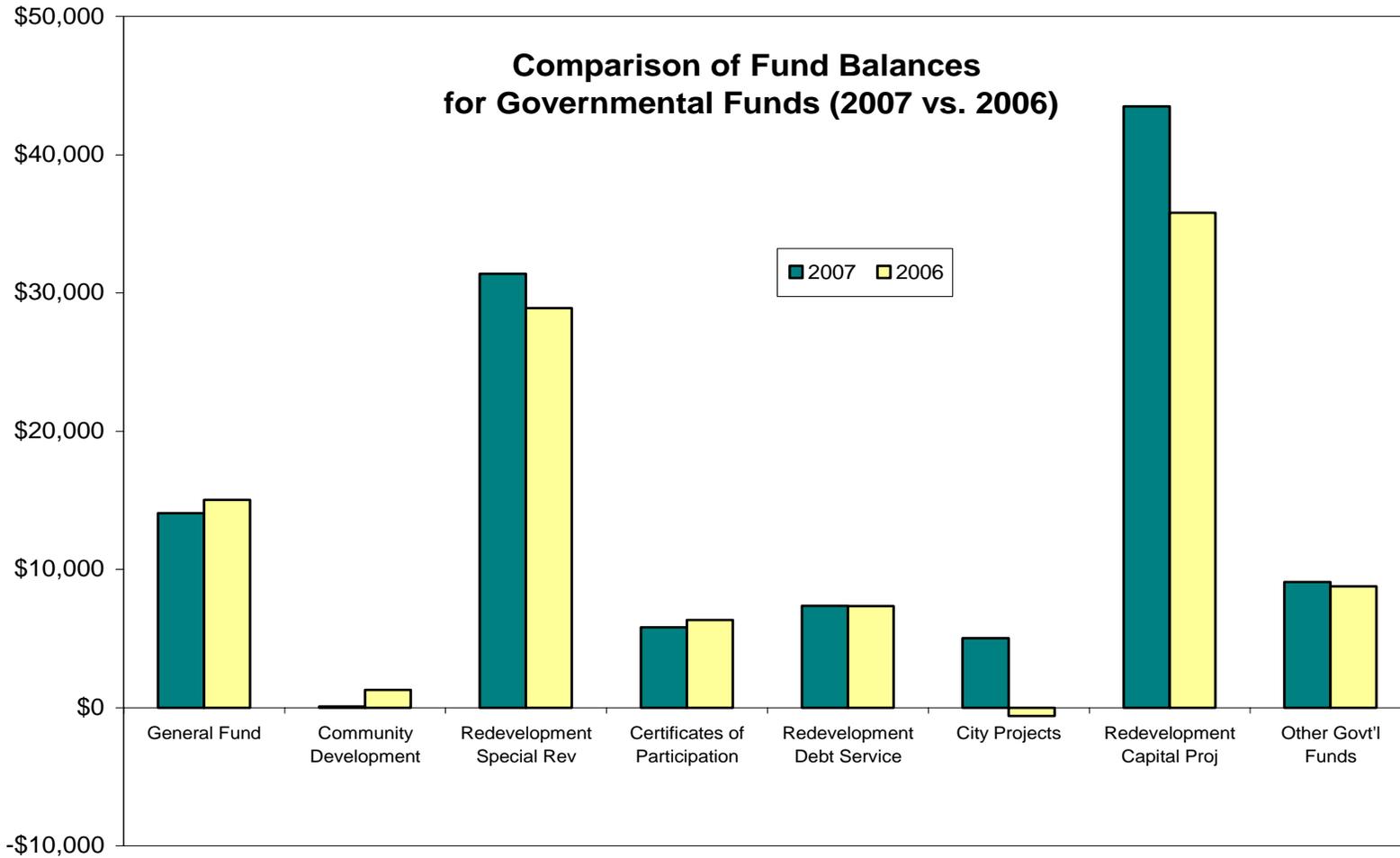


Financial Analysis of the City's Funds

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year.

The following chart compares the 2007 and 2006 fund balances for the City's General, Community Development, Redevelopment Special Revenue, Certificates of Participation, Redevelopment Debt Service, City Projects, Redevelopment Capital Projects, Other Governmental and Total Governmental Funds. As noted earlier, the City of Vacaville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

CITY OF VACAVILLE
Management's Discussion and Analysis
For the year ended June 30, 2007
(Amounts expressed in thousands)



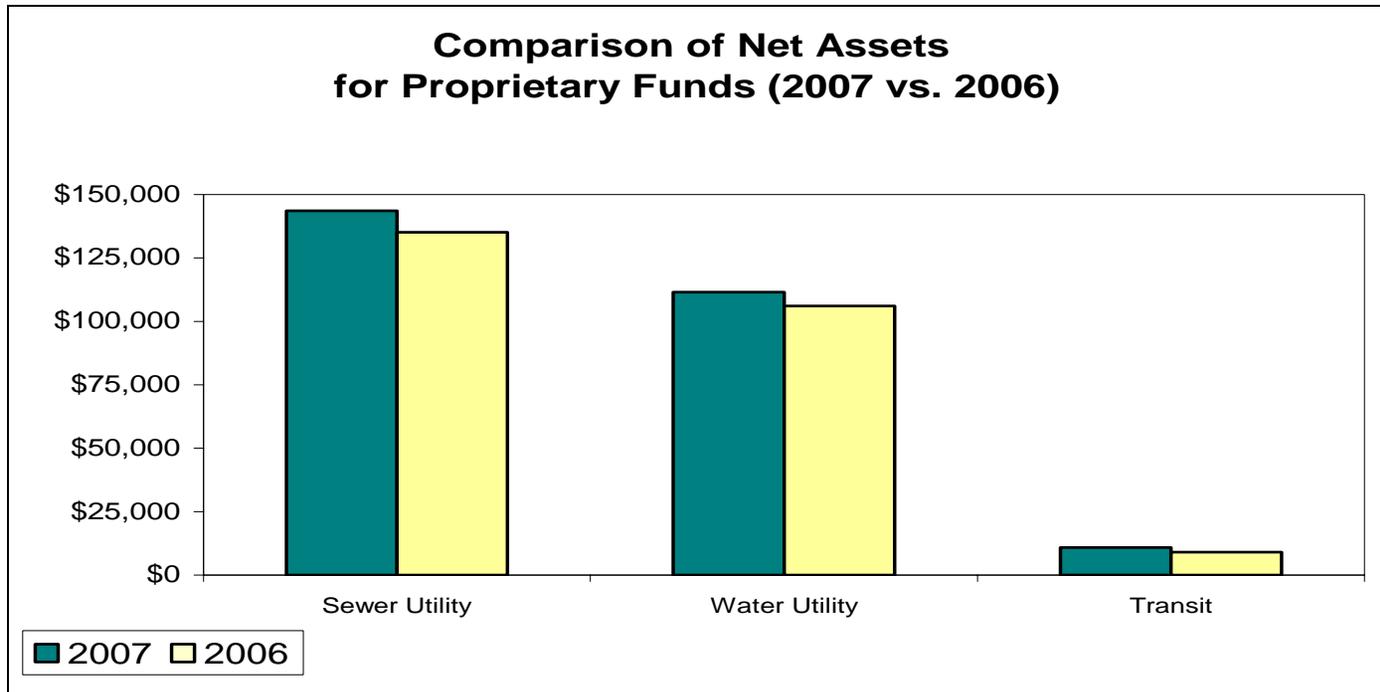
As of June 30, 2007, the City's governmental funds reported combined ending fund balances of \$116,300 an increase of \$13,465 in comparison with the prior year. Approximately 38% of this total amount (\$44,250) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for future spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1,981), 2) to pay debt service (\$11,346), 3) to pay for construction (\$18,525) or 4) for a variety of other restricted purposes.

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The General Fund is the primary operating fund of the City. At June 30, 2007, unreserved fund balance of the General Fund was \$13,519, while total fund balance was \$14,059. This amount can be viewed as the City's emergency operating reserve and is often measured as a percent of ongoing operating revenues. Unreserved fund balance represents 22% of total General Fund operating revenue. The fund balance of the City's general fund decreased by \$979 during the current fiscal year. Key factors in this decrease are increased public safety expenses.

The City Projects fund has a total fund balance of \$ 5,016 which is reserved for capital projects. The fund balance increased during the fiscal year by \$ 5,627 as a result of several large construction projects such as the Leisure Town Road and Nut Tree Road overcrossing projects which were partially Federal grant reimbursable upon completion of construction and the money was received in fiscal year 2007.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following chart compares the 2007 and 2006 net asset balances for the City's Sewer, Water and Transit Funds.



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Unrestricted net assets at the end of the year amounted to \$50,246 for the sewer utility and \$36,204 for the water utility. Due to the subsidized nature of transportation, the transit operating funds have negative unrestricted net assets as year end. The increase in net assets for the sewer, water and transit operations was \$8,408, \$5,449, and \$1,947, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

	Original Budget	Final Budget	Actual Amounts	Variance from Final Budget
Total revenues	\$ 59,656	\$ 59,667	\$ 61,752	\$ 2,085
Expenditures:				
General government	5,717	8,204	7,726	478
Public safety	39,912	39,458	40,469	(1,011)
Public Works	5,426	4,937	4,752	185
Community services	9,060	9,060	8,641	419
Housing	-	-	13	(13)
Debt service	189	494	497	(3)
Total expenditures	60,304	62,153	62,098	55
Revenue over (under) expenditures	(648)	(2,486)	(346)	2,140
Other financing sources (uses)	(516)	(608)	(632)	(24)
Net change in fund balance	(1,164)	(3,094)	(978)	2,116
Beginning fund balance	15,038	15,038	15,038	-
Ending fund balance	\$ 13,874	\$ 11,944	\$ 14,060	\$ 2,116

Final budgeted revenues increased from the amount originally budgeted to the final as a result of minor grant related programs.

Total budgeted expenditures increased from the amount originally budgeted by \$1,849, from \$60,304 to \$62,153. The reasons for this increase can be summarized as follows:

- The General Government budget was increased by \$1,580 to set-aside additional funds for future capital replacement and \$826 for technology improvements.
- Budget of roughly \$450 for Public Safety was moved to fund technology improvements.
- \$500 of street maintenance expenditures were actually funded by Gas Tax funds, which accounts for the reduction in the Public Works budget.

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Actual amounts differed from the Final budget as follows:

- Actual total revenues were about 3.5% more than the amount budgeted due to a combination of greater than anticipated development activity and rising property values resulting in increased sales and property taxes. Rising interest rates during the year resulted in significantly higher investment earnings that initially anticipated. The City also received higher than expected revenue from the State in the form of motor vehicle license fee revenue and reimbursement for prisoner booking fees. Offsetting these gains was less than expected revenue from our Community Service programs.
- Budgeted expenditures exceeded actual amounts by \$55. The Public Safety departments exceed budget by \$1,011 mainly due to higher than anticipated levels of overtime associated with maintaining adequate staffing levels. These overages were offset by budget savings in the areas of General Government and Community Services.
- The net effect of all of the above was a favorable variance from the amounts budgeted of \$2,116.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounted to \$ 718,015 (net of accumulated depreciation). This investment includes land, buildings and improvements, park facilities, machinery, vehicles, roads and bridges. The total increase in the City's net investment in capital assets for the current fiscal year was \$45,495 (\$26,649 for governmental activities including internal service funds and \$18,846 for business type activities).

CAPITAL ASSETS
(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 188,967	\$ 176,855	\$ 6,718	\$ 6,718	\$ 195,685	\$ 183,573
Buildings and improvement	43,795	42,400	141,584	144,580	185,379	186,980
Equipment	1,477	603	1,224	1,481	2,701	2,084
Vehicles	3,782	2,622	967	1,126	4,749	3,748
Infrastructure	167,778	163,293	47,799	46,418	215,577	209,711
Intangibles	788	788	-	-	788	788
Construction in progress	<u>64,931</u>	<u>58,308</u>	<u>48,205</u>	<u>27,328</u>	<u>113,136</u>	<u>85,636</u>
Total	<u>\$ 471,518</u>	<u>\$ 444,869</u>	<u>\$ 246,497</u>	<u>\$ 227,651</u>	<u>\$ 718,015</u>	<u>\$ 672,520</u>

Major capital asset events during the current fiscal year included completion of the Nut Tree Road and the Leisure Town Road over crossings. Additional information on the City's capital assets can be found in Note 5 on pages 52-56.

CITY OF VACAVILLE
Management's Discussion and Analysis
For the year ended June 30, 2007
(Amounts expressed in thousands)

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$161,375. Of this amount, \$91,802 comprises debt backed by the full faith and credit of the government. The remainder of the City's debt, \$69,573, represents debt secured solely by specified revenue sources (i.e., revenue type bonds).

OUTSTANDING DEBT
(expressed in thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Bonds payable	\$ 69,573	\$ 53,386	\$ -	\$ -	\$ 69,573	\$ 53,386
Capital lease obligations	4,181	4,467	63	120	4,244	4,587
Certificates of participation	18,540	19,645	-	-	18,540	19,645
Loans payable	<u>3,397</u>	<u>3,800</u>	<u>65,621</u>	<u>68,437</u>	<u>69,018</u>	<u>72,237</u>
Total	<u>\$ 95,691</u>	<u>\$ 81,298</u>	<u>\$ 65,684</u>	<u>\$ 68,557</u>	<u>\$ 161,375</u>	<u>\$ 149,855</u>

The City's total debt increased by \$11,520 during the current fiscal year. The primary reason for this increase was the new 2006 Taxable Housing Bond (\$18,875) less the scheduled debt service payments made throughout the fiscal year.

The City and Redevelopment Agency maintain an "A" rating from Standard & Poor's and Moody's for its debt.

Additional information on the City's long-term debt can be found in note 6 on pages 57-70 of this report.

Economic Factors and Next Year's Budget

- The unemployment rate for the City is currently 5.1%, which is an increase of 1.4% from a year ago. This compares favorably to the state's average unemployment rate of 5.5%.
- The assessed value for taxable property in the City increased by 14% between fiscal year 2006 and fiscal year 2007.
- The required contribution rates as a percentage of payroll for the City's retirement program, including the supplemental retirement program for non-safety "miscellaneous" employees, will be changing effective July 1, 2007 as follows:
 - Miscellaneous Plan – 19.94 % to 20.30%
 - Safety Plan – 16.481% to 22.81%

CITY OF VACAVILLE
Management's Discussion and Analysis
For the year ended June 30, 2007
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- While housing prices in Solano County are among the most affordable in the nine-county San Francisco Bay Area, Solano County experienced the Bay Area's largest year-over-year decline in home sales (-46%), along with the sharpest drop in median price (-6%) through June of 2007. The relative affordability of homes in Solano County also resulted in the Solano County ranking first in the state in terms of annual increase in foreclosure filings.
- In fiscal year 2006-2007, the City Council approved an eight year utility rate plan designed to ensure the City's water and sewer utility operations have sufficient revenue to cover ongoing operating costs, repayment of long-term borrowings, and capital replacement. The rate plan was adopted pursuant to the requirements of Proposition 218, the "right to vote on taxes act."

At the time of budget preparation for fiscal years 2008 and 2009, the economic outlook for the City was considered to be stable. The General Fund budget for fiscal year 2008 of approximately \$68 million was balanced with the use of \$2 million of reserve funds. The use of reserve funds is part of a longer-range plan to address capital and staffing costs of the City. Projections indicate the City should end fiscal year 2008 with an operating reserve of about seventeen percent (17%). The long-range budget projections indicated a balanced budget (no use of reserve funds) by fiscal year 2010.

Requests for Information

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF VACAVILLE
STATEMENT OF NET ASSETS
JUNE 30, 2007

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Current assets:			
Cash and investments	\$ 76,599,633	\$ 72,794,852	\$ 149,394,485
Receivables, net of allowance for uncollectibles:			
Interest	1,817,938	-	1,817,938
Taxes	3,313,180	-	3,313,180
Accounts	5,180,250	5,461,166	10,641,416
Loans	38,136,422	11,464	38,147,886
Inventories	216,176	-	216,176
Prepaid Items	2,640,369	3,873	2,644,242
Deferred charges	970,032	-	970,032
Internal Balances	(4,094,185)	4,094,185	-
Total current assets	<u>124,779,815</u>	<u>82,365,540</u>	<u>207,145,355</u>
Noncurrent assets:			
Restricted cash and investments	31,476,204	-	31,476,204
Deposits	179,225	-	179,225
Investment in joint venture	-	18,156,398	18,156,398
Capital assets:			
Capital assets, non-depreciable	254,686,014	54,923,089	309,609,103
Capital assets, net of accumulated depreciation	216,831,872	191,573,815	408,405,687
Total capital assets	<u>471,517,886</u>	<u>246,496,904</u>	<u>718,014,790</u>
Total noncurrent assets	<u>503,173,315</u>	<u>264,653,302</u>	<u>767,826,617</u>
Total assets	<u>627,953,130</u>	<u>347,018,842</u>	<u>974,971,972</u>
LIABILITIES			
Current liabilities:			
Accounts payable and contract payable	3,309,469	2,944,129	6,253,598
Accrued payroll	2,580,029	414,429	2,994,458
Interest payable	1,596,180	21,177	1,617,357
Employee benefits payable	1,244,458	-	1,244,458
Compensated absences-due within one year	380,858	55,430	436,288
Claims payable - due within one year	1,797,316	-	1,797,316
Long-term debt - due within one year	3,387,437	2,897,988	6,285,425
Total current liabilities	<u>14,295,747</u>	<u>6,333,153</u>	<u>20,628,900</u>
Noncurrent liabilities:			
Deposits payable	7,269,148	7,121,558	14,390,706
Due to other governments	-	422,550	422,550
Unearned revenue	10,143,614	61,590	10,205,204
Compensated absences-due in more than a year	5,804,983	828,508	6,633,491
Claims payable-due in more than a year	3,247,684	-	3,247,684
Long-term liabilities-due in more than a year	92,303,437	62,785,619	155,089,056
Total noncurrent liabilities	<u>118,768,866</u>	<u>71,219,825</u>	<u>189,988,691</u>
Total liabilities	<u>133,064,613</u>	<u>77,552,978</u>	<u>210,617,591</u>
NET ASSETS			
Invested in capital assets, net of related debt	375,200,864	180,792,120	555,992,984
Restricted for:			
Capital projects	18,950,913	-	18,950,913
Debt service	11,356,068	-	11,356,068
Highway and streets	2,886,955	-	2,886,955
Housing	1,706,428	-	1,706,428
Special Programs	1,481,699	-	1,481,699
Total restricted	<u>36,382,063</u>	<u>-</u>	<u>36,382,063</u>
Unrestricted	83,305,590	88,673,744	171,979,334
Total net assets	<u>\$ 494,888,517</u>	<u>\$ 269,465,864</u>	<u>\$ 764,354,381</u>

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	TOTALS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTALS
Governmental activities:								
General government	\$ 12,627,117	\$ 5,147,019	\$ 226,502	\$ 8,314,743	\$ 13,688,264	\$ 1,061,147	\$ -	\$ 1,061,147
Public safety	40,606,513	4,279,688	1,158,331	-	5,438,019	(35,168,494)	-	(35,168,494)
Public works	22,432,000	545,477	591,632	13,361,991	14,499,100	(7,932,900)	-	(7,932,900)
Community services	12,128,249	5,494,204	555,682	-	6,049,886	(6,078,363)	-	(6,078,363)
Housing	13,012,644	478,811	12,107,066	-	12,585,877	(426,767)	-	(426,767)
Redevelopment	17,752,650	159,086	12,160	-	171,246	(17,581,404)	-	(17,581,404)
Interest on long-term debt	5,203,142	-	-	-	-	(5,203,142)	-	(5,203,142)
Total governmental activities	123,762,315	16,104,285	14,651,373	21,676,734	52,432,392	(71,329,923)	-	(71,329,923)
Business-type activities:								
Sewer	19,800,332	18,322,156	-	6,327,926	24,650,082	-	4,849,750	4,849,750
Water	15,058,581	11,463,115	-	5,512,303	16,975,418	-	1,916,837	1,916,837
Transit	2,500,953	356,346	1,809,881	-	2,166,227	-	(334,726)	(334,726)
Total business-type activities	37,359,866	30,141,617	1,809,881	11,840,229	43,791,727	-	6,431,861	6,431,861
Total primary government	\$ 161,122,181	\$ 46,245,902	\$ 16,461,254	\$ 33,516,963	\$ 96,224,119	(71,329,923)	6,431,861	(64,898,062)
General revenues and transfers:								
Taxes:								
						55,145,074	89,166	55,234,240
						16,473,537	-	16,473,537
						2,643,155	-	2,643,155
						1,047,886	-	1,047,886
						318,935	-	318,935
						2,217,380	-	2,217,380
						1,771,682	-	1,771,682
						595,293	-	595,293
						80,212,942	89,166	80,302,108
						6,278,896	1,794,709	8,073,605
						6,862,980	5,886,512	12,749,492
						1,791,210	1,616,218	3,407,428
						42,697	(42,697)	-
						95,188,725	9,343,908	104,532,633
						23,858,802	15,775,769	39,634,571
						471,029,715	253,690,095	724,719,810
						\$ 494,888,517	\$ 269,465,864	\$ 764,354,381

See accompanying Notes to Basic Financial Statements.



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GOVERNMENTAL FUND FINANCIAL STATEMENTS

GENERAL FUND

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

COMMUNITY DEVELOPMENT

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

REDEVELOPMENT SPECIAL REVENUE

To account for the 20% set aside funds received from tax increments in the City's two Redevelopment areas; to be used for low and moderate housing purposes.

CERTIFICATES OF PARTICIPATION

To account for interest earnings, reserves, and payment of debt service for debt issued to fund public facilities and a community park.

REDEVELOPMENT DEBT SERVICE

To account for receipts and payments related to the City's two Redevelopment areas' bonds outstanding.

CITY PROJECTS

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

REDEVELOPMENT CAPITAL PROJECTS

To account for tax increments received in the two Redevelopment areas used to facilitate economic development through construction of public improvements.

OTHER GOVERNMENTAL FUNDS

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

CITY OF VACAVILLE
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2007

ASSETS	MAJOR FUNDS									
	GENERAL	COMMUNITY DEVELOPMENT	REDEVELOPMENT SPECIAL REVENUE	CERTIFICATES OF PARTICIPATION		REDEVELOPMENT DEBT SERVICE	CITY PROJECTS	REDEVELOPMENT CAPITAL	OTHER GOVERNMENTAL	TOTAL GOVERNMENTAL
				PROJECTS	PROJECTS			FUNDS	FUNDS	
Cash and investments	\$ 11,676,645	\$ 900,648	\$ 12,292,738	\$ 5,805,347	\$ 910,316	\$ 14,657,319	\$ 15,708,343	\$ 11,054,987	\$ 73,006,343	
Receivables:										
Interest	1,722,460	-	-	2	28,154	-	57,753	9,569	1,817,938	
Taxes	3,157,998	-	-	-	-	85,038	-	70,144	3,313,180	
Accounts	994,273	32,276	44,968	-	-	3,174,836	14,895	576,084	4,837,332	
Loans	30,145	9,978,406	19,189,556	-	2,364,740	-	6,573,575	-	38,136,422	
Due from other funds	7,482	-	-	-	-	-	-	-	7,482	
Prepaid items	4,173	-	854	-	1,137	1,778,962	454	854,664	2,640,244	
Restricted cash and investments held by fiscal agent	-	-	-	7,410,854	4,303,674	-	16,547,869	3,213,807	31,476,204	
Deposits	129,225	-	-	-	-	-	-	-	129,225	
Advances to other funds	-	-	-	-	-	1,406,965	10,534,518	-	11,941,483	
Total assets	\$ 17,722,401	\$ 10,911,330	\$ 31,528,116	\$ 13,216,203	\$ 7,608,021	\$ 21,103,120	\$ 49,437,407	\$ 15,779,255	\$ 167,305,853	
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts and contract payable	\$ 777,224	\$ 12,400	\$ 11,338	\$ -	\$ -	\$ 1,620,345	\$ 310,822	\$ 220,677	\$ 2,952,806	
Accrued payroll	2,133,847	5,720	40,096	-	-	36,297	34,340	243,660	2,493,960	
Deposits payable	446,703	898	97,141	-	241,146	1,580,114	133,302	4,749,844	7,249,148	
Due to other funds	-	-	-	-	-	-	-	7,482	7,482	
Deferred revenue	305,375	10,809,981	-	7,410,274	-	-	2,266,698	1,474,692	22,267,020	
Advances from other funds	-	-	-	-	-	12,849,791	3,185,877	-	16,035,668	
Total liabilities	3,663,149	10,828,999	148,575	7,410,274	241,146	16,086,547	5,931,039	6,696,355	51,006,084	
Fund Balances:										
Reserved	540,742	14,730	19,201,036	5,805,929	6,668,415	4,015,741	31,833,348	4,210,920	72,290,861	
Unreserved:										
Designated, General Fund	13,518,510	-	-	-	-	-	-	-	13,518,510	
Designated, Capital Projects Funds	-	-	-	-	-	1,000,832	11,673,020	-	12,673,852	
Undesignated, Special Revenue Funds	-	67,601	12,178,505	-	-	-	-	4,862,411	17,108,517	
Undesignated, Debt Service Funds	-	-	-	-	698,460	-	-	9,569	708,029	
Total fund balances	14,059,252	82,331	31,379,541	5,805,929	7,366,875	5,016,573	43,506,368	9,082,900	116,299,769	
Total liabilities and fund balances	\$ 17,722,401	\$ 10,911,330	\$ 31,528,116	\$ 13,216,203	\$ 7,608,021	\$ 21,103,120	\$ 49,437,407	\$ 15,779,255	\$ 167,305,853	

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
Reconciliation of the Governmental Funds - Balance Sheet with the Statement of Net Assets
JUNE 30, 2007

TOTAL FUND BALANCES- TOTAL GOVERNMENTAL FUNDS \$ 116,299,769

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

CASH AND INVESTMENTS

The asset reported in the Funds for the Nut Tree investment instrument is not an investment in the Government-Wide Statement of Net Assets. (4,160,253)

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds Balance Sheet net of Central Services, internal service fund capital assets of \$238,350. 471,279,536

ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in Governmental Activities in the Government-Wide Statement of Net Assets. 1,541,632

LONG TERM ASSETS AND LIABILITIES

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

Deferred charges	970,032
Long-term debt	(95,690,874)
Compensated absences	(5,878,551)
Interest payable	(1,596,180)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are unearned in the Fund Financial Statements because they are not available currently are taken into revenue in the Statement of Activities. 12,123,406

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 494,888,517

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	GENERAL	COMMUNITY DEVELOPMENT	REDEVELOPMENT SPECIAL REVENUE	CERTIFICATES OF PARTICIPATION	REDEVELOPMENT DEBT SERVICE	CITY PROJECTS	REDEVELOPMENT CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:									
Taxes and fees	\$ 48,715,631	\$ -	\$ 5,748,579	\$ -	\$ -	\$ 8,314,743	\$ 22,994,315	\$ 2,488,534	\$ 88,261,802
Licenses and permits	260,817	-	-	-	-	-	-	2,235,293	2,496,110
Investment income	2,865,231	3,009	695,307	411,568	276,346	643,756	1,701,509	461,002	7,057,728
Intergovernmental	1,593,531	515,832	-	-	-	14,417,297	12,160	14,418,957	30,957,777
Charges for services	8,090,205	-	-	-	-	-	-	1,816,511	9,906,716
Fines,forfeits and penalties	139,331	-	-	-	-	-	-	352,018	491,349
Other	86,887	390	139,610	-	1,500,000	825,041	713,738	346,969	3,612,635
Total revenues	61,751,633	519,231	6,583,496	411,568	1,776,346	24,200,837	25,421,722	22,119,284	142,784,117
EXPENDITURES:									
Current:									
General government	7,725,886	-	-	-	-	-	-	4,062,652	11,788,538
Public safety	40,468,371	-	-	-	-	-	-	1,188,644	41,657,015
Public works	4,752,035	-	-	-	-	143,746	-	2,180,052	7,075,833
Community services	8,641,382	505,018	-	-	-	-	-	2,359,248	11,505,648
Housing	13,266	-	1,114,582	-	-	-	-	11,889,767	13,017,615
Redevelopment	-	-	-	-	69,597	-	17,461,584	-	17,531,181
Capital outlay	-	-	3,836	-	-	20,346,192	14,605,868	651,611	35,607,507
Debt service:									
Principal	422,791	-	-	295,000	3,071,324	142,844	-	1,000,000	4,931,959
Interest and fiscal charges	74,185	-	-	644,829	4,315,963	456,217	-	382,748	5,873,942
Total expenditures	62,097,916	505,018	1,118,418	939,829	7,456,884	21,088,999	32,067,452	23,714,722	148,989,238
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(346,283)	14,213	5,465,078	(528,261)	(5,680,538)	3,111,838	(6,645,730)	(1,595,438)	(6,205,121)
OTHER FINANCING SOURCES (USES):									
Transfers in	1,536,955	3,459	1,220,000	-	5,034,117	3,516,319	4,108,882	2,724,790	18,144,522
Transfers out	(2,234,563)	(1,220,000)	(4,597,259)	-	-	(1,000,771)	(8,301,524)	(806,568)	(18,160,685)
Sale of capital assets	15,373	-	-	-	-	-	345,543	-	360,916
Issuance of debt and loans	50,000	-	400,000	-	675,575	-	18,199,425	-	19,325,000
Total other financing sources (uses)	(632,235)	(1,216,541)	(2,977,259)	-	5,709,692	2,515,548	14,352,326	1,918,222	19,669,753
NET CHANGES IN TOTAL FUND BALANCE	(978,518)	(1,202,328)	2,487,819	(528,261)	29,154	5,627,386	7,706,596	322,784	13,464,632
FUND BALANCES:									
Fund balances, beginning of year	15,037,770	1,284,659	28,891,722	6,334,190	7,337,721	(610,813)	35,799,772	8,760,116	102,835,137
Fund balances, end of year	\$ 14,059,252	\$ 82,331	\$ 31,379,541	\$ 5,805,929	\$ 7,366,875	\$ 5,016,573	\$ 43,506,368	\$ 9,082,900	\$ 116,299,769

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
Reconciliation of the Net Change in Fund Balances - Total Governmental Funds with the Statement of Activities
FOR THE YEAR ENDED JUNE 30, 2007

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS \$ 13,464,632

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

CAPITAL ASSETS TRANSACTIONS

Governmental Funds reported capital asset expenditures as part of capital outlay and other departmental expenditures. However, in the Government-Wide Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period. 36,276,291

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. (9,442,947)

LONG TERM DEBT PROCEEDS AND PAYMENTS

Issuance of debt proceeds provides current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Government-Wide Statement of Net Assets. (19,325,000)

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. 4,931,959

ACCRUAL OF NON-CURRENT ITEMS

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

Long-term compensated absences	(1,323,340)
Unearned revenue	(1,821,712)
Interest expense	446,922
Sale of capital assets	(360,916)
Gain on sale of property	41,431

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

Internal service funds are used by management to charge the costs of certain activities, such as equipment acquisition, maintenance and insurance to individual funds. The portion of the net revenue (expense) of these Internal Service Funds arising out of their transactions with governmental funds is reported with the governmental activities. 971,482

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 23,858,802

See accompanying Notes to Basic Financial Statements.



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PROPRIETARY FUND FINANCIAL STATEMENTS

SEWER UTILITY

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

WATER UTILITY

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

TRANSIT

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

CITY OF VACAVILLE
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2007

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			TOTALS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	SEWER UTILITY	WATER UTILITY	TRANSIT		
ASSETS					
Current assets:					
Cash and investments	\$ 48,771,415	\$ 21,252,352	\$ 340,110	\$ 70,363,877	\$ 10,184,518
Accounts receivable	3,266,297	2,143,881	50,988	5,461,166	342,918
Loans receivable	11,464	-	-	11,464	-
Inventories-supplies	-	-	-	-	216,176
Prepaid items	3,644	229	-	3,873	125
Total current assets	<u>52,052,820</u>	<u>23,396,462</u>	<u>391,098</u>	<u>75,840,380</u>	<u>10,743,737</u>
Noncurrent assets:					
Deposits	-	-	-	-	50,000
Advances to other funds	871,757	3,322,428	-	4,194,185	-
Investment in joint venture	-	18,156,398	-	18,156,398	-
Capital assets:					
Land	2,777,333	1,968,372	1,971,931	6,717,636	-
Construction in progress	26,709,230	17,665,020	3,831,203	48,205,453	-
Buildings and improvements	147,379,182	45,587,919	4,889,516	197,856,617	123,740
Machinery and equipment	1,347,480	407,888	3,472,534	5,227,902	4,586,321
Transmission and distribution system	26,219,235	37,162,818	-	63,382,053	-
Less: accumulated depreciation	<u>(45,390,203)</u>	<u>(27,504,517)</u>	<u>(3,028,393)</u>	<u>(75,923,113)</u>	<u>(3,441,355)</u>
Total capital assets	<u>159,042,257</u>	<u>75,287,500</u>	<u>11,136,791</u>	<u>245,466,548</u>	<u>1,268,706</u>
Total noncurrent assets	<u>159,914,014</u>	<u>96,766,326</u>	<u>11,136,791</u>	<u>267,817,131</u>	<u>1,318,706</u>
Total assets	<u>211,966,834</u>	<u>120,162,788</u>	<u>11,527,889</u>	<u>343,657,511</u>	<u>12,062,443</u>

CITY OF VACAVILLE
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2007

	BUSINESS-TYPE ACTIVITIES- ENTERPRISE FUNDS			TOTALS	GOVERNMENTAL ACTIVITIES- INTERNAL SERVICE FUNDS
	SEWER UTILITY	WATER UTILITY	TRANSIT		
LIABILITIES					
Current liabilities:					
Accounts and contract payable	1,641,884	1,114,926	187,319	2,944,129	356,663
Accrued payroll	245,746	162,427	6,256	414,429	86,069
Interest payable	21,177	-	-	21,177	-
Employee benefits payable	-	-	-	-	1,244,458
Compensated absences-due within one year	33,124	22,306	-	55,430	307,290
Current portion of claims payable	-	-	-	-	1,797,316
Long-term debt - due within one year	2,897,988	-	-	2,897,988	-
Total current liabilities	4,839,919	1,299,659	193,575	6,333,153	3,791,796
Noncurrent liabilities:					
Deposits payable	886	7,117,593	3,079	7,121,558	20,000
Due to other governments	-	-	422,550	422,550	-
Advances from other funds	-	100,000	-	100,000	-
Unearned revenue	11,464	50,126	-	61,590	-
Compensated absences-due in more than a year	724,291	104,217	-	828,508	-
Long-term claims payable	-	-	-	-	3,247,684
Long-term debt - due in more than one year	62,785,619	-	-	62,785,619	-
Total noncurrent liabilities	63,522,260	7,371,936	425,629	71,319,825	3,267,684
Total liabilities	68,362,179	8,671,595	619,204	77,652,978	7,059,480
NET ASSETS					
Invested in capital assets, net of related debt	93,337,473	75,287,500	11,136,791	179,761,764	1,268,706
Unrestricted	50,267,182	36,203,693	(228,106)	86,242,769	3,734,257
Total net assets business-type activities	\$ 143,604,655	\$ 111,491,193	\$ 10,908,685	266,004,533	\$ 5,002,963
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				3,461,331	
Net assets of business-type activities				<u>\$ 269,465,864</u>	

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL
	SEWER UTILITY	WATER UTILITY	TRANSIT	TOTALS	ACTIVITIES INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
Charges for sales and services:					
Sewer charges	\$ 24,638,289	\$ -	\$ -	\$ 24,638,289	\$ -
Water sales	-	16,975,418	-	16,975,418	-
Transit fares	-	-	356,346	356,346	-
Internal service charges	-	-	-	-	11,238,129
Total operating revenues	24,638,289	16,975,418	356,346	41,970,053	11,238,129
OPERATING EXPENSES:					
Treatment plant and sources of supply	6,049,242	7,032,033	-	13,081,275	-
Transmission and distribution	-	1,382,731	-	1,382,731	-
Maintenance	3,345,500	1,098,041	-	4,443,541	-
Customer services and administration	6,105,967	3,676,323	-	9,782,290	-
Transportation	-	-	2,169,175	2,169,175	-
Internal service expenses	-	-	-	-	9,969,973
Depreciation	4,284,824	1,855,900	331,778	6,472,502	360,799
Total operating expenses	19,785,533	15,045,028	2,500,953	37,331,514	10,330,772
OPERATING INCOME (LOSS)	4,852,756	1,930,390	(2,144,607)	4,638,539	907,357
NONOPERATING REVENUES (EXPENSES):					
Gain from joint venture	-	393,346	-	393,346	-
Interest revenue	2,817,380	821,942	2,948	3,642,270	-
Interest expense	(1,847,562)	-	-	(1,847,562)	(23,324)
Taxes and other	685,625	638,207	1,809,881	3,133,713	237
Gain on capital assets	-	-	-	-	-
Total nonoperating revenues (expenses)	1,655,443	1,853,495	1,812,829	5,321,767	(23,087)
INCOME (LOSS) BEFORE TRANSFERS AND CONTRIBUTION	6,508,199	3,783,885	(331,778)	9,960,306	884,270
TRANSFER:					
Transfers in	281,804	244,761	-	526,565	80,000
Transfers out	(37,651)	(531,611)	-	(569,262)	(21,140)
Total transfers	244,153	(286,850)	-	(42,697)	58,860
CAPITAL CONTRIBUTIONS:					
Intergovernmental	-	-	2,278,622	2,278,622	-
Developers	1,655,372	1,952,518	-	3,607,890	-
Total capital contributions	1,655,372	1,952,518	2,278,622	5,886,512	-
Change in net assets	8,407,724	5,449,553	1,946,844	15,804,121	943,130
NET ASSETS:					
Net assets, beginning of year	135,196,931	106,041,640	8,961,841		4,059,833
Net assets, end of year	<u>\$ 143,604,655</u>	<u>\$ 111,491,193</u>	<u>\$ 10,908,685</u>		<u>\$ 5,002,963</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds (28,352)

Change in net assets of business-type activities \$ 15,775,769

See accompanying Notes to Basic Financial Statements.



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CITY OF VACAVILLE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL</u>
	<u>SEWER UTILITY</u>	<u>WATER UTILITY</u>	<u>TRANSIT</u>	<u>TOTALS</u>	<u>ACTIVITIES- INTERNAL SERVICE FUNDS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users	\$ 24,923,947	\$ 16,643,104	\$ 652,358	\$ 42,219,409	\$ 11,080,673
Payments to suppliers	(8,892,719)	(9,307,131)	(2,223,884)	(20,423,734)	(7,663,010)
Payments to employees	(5,756,984)	(3,674,413)	(153,795)	(9,585,192)	(1,488,004)
Claims paid	-	-	-	-	(265,000)
Net cash provided (used) by operating activities	10,274,244	3,661,560	(1,725,321)	12,210,483	1,664,659
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Advances to/(from) other funds	281,387	(1,216,140)	-	(934,753)	-
Due to/(from) other funds	-	-	-	-	(183,202)
Transfers in	281,804	244,761	-	526,565	80,000
Transfers out	(37,651)	(531,611)	-	(569,262)	(21,140)
Taxes and other	685,625	638,207	1,809,881	3,133,713	237
Net cash provided (used) by noncapital financing activities	1,211,165	(864,783)	1,809,881	2,156,263	(124,105)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition and construction of capital assets	(17,471,661)	(2,143,553)	-	(19,615,214)	(313,218)
Principal paid on capital debt	(2,873,540)	-	-	(2,873,540)	-
Interest paid	(1,846,938)	-	-	(1,846,938)	(23,324)
Net cash provided (used) by capital and related financing activities	(22,192,139)	(2,143,553)	-	(24,335,692)	(336,542)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	2,817,380	821,942	2,948	3,642,270	-
Net cash provided by investing activities	2,817,380	821,942	2,948	3,642,270	-
Net increase (decrease) in cash and cash equivalents	(7,889,350)	1,475,166	87,508	(6,326,676)	1,204,012
CASH AND CASH EQUIVALENTS:					
Beginning of year	56,660,765	19,777,186	252,602	76,690,553	8,980,506
End of year	<u>\$ 48,771,415</u>	<u>\$ 21,252,352</u>	<u>\$ 340,110</u>	<u>\$ 70,363,877</u>	<u>\$ 10,184,518</u>
NONCASH TRANSACTIONS:					
Contribution and transfers of capital assets, net	\$ 1,655,372	\$ 1,952,518	\$ 2,278,622	\$ 5,886,512	\$ -

CITY OF VACAVILLE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	<u>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</u>				<u>GOVERNMENTAL</u>
	<u>SEWER UTILITY</u>	<u>WATER UTILITY</u>	<u>TRANSIT</u>	<u>TOTALS</u>	<u>ACTIVITIES- INTERNAL SERVICE FUNDS</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	\$ 4,852,756	\$ 1,930,390	\$ (2,144,607)	\$ 4,638,539	\$ 907,357
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	4,284,824	1,855,900	331,778	6,472,502	360,799
Changes in assets and liabilities:					
(Increase) decrease in receivables	279,671	(328,281)	(50,988)	(99,598)	(157,456)
Decrease in inventories-supplies	-	-	-	-	200,309
Increase in prepaid items	(3,644)	(229)	-	(3,873)	(125)
Increase (decrease) in accounts and contracts payable	755,306	(1,127,357)	(209,985)	(582,036)	160,280
Increase in accrued payroll	18,815	15,750	688	35,253	16,654
Increase in employee benefits payable	-	-	-	-	398,796
Increase in compensated absences	80,295	6,273	-	86,568	43,045
Increase in deposits payable	234	1,313,147	793	1,314,174	-
Increase in due to other governments	-	-	347,000	347,000	-
Increase (decrease) in unearned revenue	5,987	(4,033)	-	1,954	-
Decrease in insurance liability	-	-	-	-	(265,000)
Total adjustments	5,421,488	1,731,170	419,286	7,571,944	757,302
Net cash provided by (used for) operating activities	\$ 10,274,244	\$ 3,661,560	\$ (1,725,321)	\$ 12,210,483	\$ 1,664,659

See accompanying Notes to Basic Financial Statements.



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FIDUCIARY FUND FINANCIAL STATEMENTS

AGENCY FUNDS

To account for payroll trust cash transferred from the various funds from which actual cash is remitted to the employees and various agencies. Additionally, used to account for other deposits received from outside parties including deposits from Solano Transportation Authority, refunding of permit monies and restitution for crimes committed. Also used to account for monies received through property tax to pay debt service for the Special Assessment Districts.

CITY OF VACAVILLE
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2007

	<u>TOTAL AGENCY FUNDS</u>
ASSETS	
<hr/>	
Cash and investments	\$ 18,240,596
Receivables:	
Accounts	5,914
	<hr/>
Total assets	\$ 18,246,510
	<hr/> <hr/>
LIABILITIES	
<hr/>	
Accrued payroll	\$ 355
Employee benefits payable	1,435,480
Deposits payable	5,153,796
Due to bondholders	11,656,879
	<hr/>
Total liabilities	\$ 18,246,510
	<hr/> <hr/>

See accompanying Notes to Basic Financial Statements.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *Reporting Entity*

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

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

Vacaville Housing Authority

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

Vacaville Redevelopment Agency

The Vacaville Redevelopment Agency (the Agency) is organized under the State of California Community Redevelopment Law. The Agency has established the Vacaville Community Redevelopment Project Area I (Project Area I) and the I-505/80 Redevelopment Project Area II (Project Area II). The construction projects within each area are financed through bonds which are repaid by property tax increment revenues. The Agency also has a low and moderate income housing program which is reported in a special revenue fund in these financial statements.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Vacaville Public Financing Authority

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

Solano County Housing Authority

The Solano County Housing Authority (SCHA), a component unit of Solano County, California, was established pursuant to the laws of the State of California to provide housing subsidies on behalf of eligible participants, to transact business and to have those powers as defined by law. The SCHA has entered into an Annual Contributions Contract with the U.S. Department of Housing and Urban Development (HUD) pertaining to its Housing Choice Voucher Program. The City is a sub-recipient of the SCHA and administers the program.

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

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

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

Government-Wide Financial Statements

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

The Government-Wide Financial Statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net 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 City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Research Bulletins (ARB) of the committee on Accounting Procedure. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting*, the City has not elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements as prescribed by GASB Statement No. 34. Exceptions to this general rule are payments-in-lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The assets and liabilities of the internal services funds have been included in the Statement of Net Assets based on the predominant user of the services. The Vehicle Replacement internal service fund assets and liabilities have been reported in the business type activities column and the Central Services, Technology Replacement, Insurance and Employee Benefits internal service funds assets and liabilities have been reported in the governmental activities column.

Fund Financial Statements

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

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The City reports the following major governmental funds:

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

Community Development Special Revenue Fund – to account for those funds received from the Federal Government for the purpose of correcting sub-standard, unsafe residences and eliminating building code deficiencies.

Redevelopment Special Revenue Fund – to account for the 20% set aside funds received from tax increments in the City’s two Redevelopment areas; to be used for low and moderate housing purposes.

Certificates of Participation Debt Service Fund – to account for interest earnings, reserves, and payment of debt service for debt issued to fund public facilities and a community park.

Redevelopment Debt Service Fund – to account for receipts and payments related to the City’s two Redevelopment areas’ bonds outstanding.

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

Redevelopment Capital Projects Fund – to account for tax increments received in the two Redevelopment areas used to facilitate economic development through construction of public improvements.

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

Internal Service funds

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

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fiduciary funds

Payroll trust fund – accounts for cash transferred from the various funds from which actual cash is remitted to the employees and various agencies.

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

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

C. Cash, Cash Equivalents and Investments

The City 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 City's intent to hold investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. Interest earnings are apportioned among funds based on ending accounting period cash and investment balances.

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

In addition, other disclosures are specified in Note 2 including use of certain methods to present deposits and investments, highly sensitive investments, and credit quality at year-end.

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

D. Receivables and Payables

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

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

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

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 City'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. In addition, funds have been restricted for capital projects, streets and highways, housing and special programs.

F. *Inventory and Prepaid Items*

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Inventories and prepaid items, as reported in the fund financial statements, are offset by a reservation of fund balance for non-current assets in governmental funds to indicate that they do not constitute resources available for appropriation.

G. *Capital Assets*

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. City policy has set the capitalization threshold for reporting infrastructure at \$100,000, with all other non-enterprise capital assets at a \$5,000 threshold, and enterprise capital assets with a \$25,000 threshold. 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
Infrastructure	25-40 years

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

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

For all infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2002. This appraisal determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Original costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry current date or using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

H. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. 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 issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Compensated Absences

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

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

J. Property Tax Revenue

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

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

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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

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

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.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 2 - CASH AND INVESTMENTS

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

A. Deposits

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

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City has waived collateral requirements for cash deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation.

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

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and Investments	\$ 149,394,485
Cash and Investments held by bond trustee	31,476,204
Fuduciary Funds:	
Cash and Investments	<u>18,240,596</u>
Total Cash and Investments	<u>\$ 199,111,285</u>

Cash and Investments as of June 30, 2007 consist of the following:

Cash on hand	\$ 13,535
Deposits with financial institutions	2,569,003
Certificates of Deposit	3,000,000
Investments	<u>193,528,747</u>
	<u>\$ 199,111,285</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 2 - CASH AND INVESTMENTS, continued

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

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

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

Investments Authorized by Debt Agreements

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

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

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 2 - CASH AND INVESTMENTS, continued

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, investments were stated at fair value using the aggregate method in all funds and component units, resulting in the following investment income in all funds and component units:

Unrealized gain in changes in fair value of investments	\$	923,093
Interest income		<u>7,109,459</u>
Total investment income	\$	<u>8,032,552</u>

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

C. Disclosures Relating to Interest Rate Risk

The City manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments as of June 30, 2007 by maturity:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Local Agency Investment Fund	\$ 45,147,823	\$ 45,147,823	\$ -	\$ -	\$ -
U.S. Government Securities	12,081,756	920,895	3,259,258	3,229,201	4,672,402
U.S. Agency Securities	60,088,505	16,413,339	38,592,952	5,082,214	-
Commercial Paper	19,848,214	19,848,214	-	-	-
Corporate Notes	30,857,792	1,692,846	29,164,946	-	-
Repurchase Agreements	18,778,991	18,778,991	-	-	-
Guarantee Investment Contract	1,889,376	-	-	1,236,732	652,644
Money Market Mutual Funds	4,836,290	4,836,290	-	-	-
Total	<u>\$ 193,528,747</u>	<u>\$ 107,638,398</u>	<u>\$ 71,017,156</u>	<u>\$ 9,548,147</u>	<u>\$ 5,325,046</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 2 - CASH AND INVESTMENTS, continued

D. Disclosures Relating to Credit Risk

Credit Risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of June 30, 2007 for each investment type.

Investment Type		Minimum Legal Rating	Minimum				Not Rated
			AAA	AA	A	A1/P1	
Local Agency Investment Fund	\$ 45,147,823	N/A	\$ -	\$ -	\$ -	\$ -	\$ 45,147,823
U.S. Government Securities	12,081,756	N/A	12,081,756	-	-	-	-
U.S. Agency Securities	60,088,505	N/A	60,088,505	-	-	-	-
Commercial Paper	19,848,214	A1/P1	-	-	-	19,848,214	-
Corporate Notes	30,857,792	A	9,923,160	15,060,852	5,873,780	-	-
Repurchase Agreements	18,778,991	N/A	-	-	-	-	18,778,991
Guarantee Investment Contract	1,889,376	N/A	1,889,376	-	-	-	-
Money Market Mutual Funds	4,836,290	AAA	4,836,290	-	-	-	-
Total	\$ 193,528,747		\$ 88,819,087	\$ 15,060,852	\$ 5,873,780	\$ 19,848,214	\$ 63,926,814

E. Investments in Local Agency Investment Funds

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

The City's investments with LAIF at June 30, 2007, included a small portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments may include the following:

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

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

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 2 - CASH AND INVESTMENTS, continued

As of June 30, 2007, the City had \$45,147,823 invested in LAIF, which has invested 3.466% of the pool investments funds in Structured Notes and Asset-Backed Securities. The City valued its investment in LAIF as of June 30, 2007 by multiplying the City's account balance with a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participant's total aggregate fair value by total aggregate amortized cost resulting in a factor of .999545022.

As of June 30, the City had \$18,778,991 in an overnight tri-party Repurchase Agreement with J. P. Morgan Chase as the custodian. There is a collateral requirement of 100% if cash is utilized or 102% if using obligations issued, or guaranteed by the U.S. government, or agencies instrumentalities, or establishments thereof.

NOTE 3 – LOANS RECEIVABLE

At June 30, 2007, the City's outstanding loans receivables were as follows:

\$ 30,145	City loans recorded in the General Fund are for the Computer Loan Program. The City offers a zero interest loan program to assist employees with purchasing personal computers. The intent of this program is to facilitate employees learning about personal computing so they can apply this knowledge in the work environment and enhance their productivity. The maximum loan amount is \$1,650 (\$1,500 if the computer system is not purchased from a business in Vacaville), and must be paid back through payroll deductions over a three year period.
\$ 8,273,110	City loans recorded in the Special Revenue Fund, Community Development is for the HOME Partnership Program (HOME). HOME is a U.S. Housing and Urban Development program administered by the California Department of Housing and Community Development (HCD). The City uses HOME funds to operate an acquisition and rehabilitation loan program. The loans are made to owners of rental properties that agree to restrict the rent of the HOME-assisted units to low and moderate income families.
\$ 1,580,296	City loans recorded in the Special Revenue Fund, Community Development are for the Community Development Block Grant (CDBG) and Rental Rehabilitation Program (RRP). In the past the City operated CDBG and RRP, even though the City no longer receives funding under these programs the borrowers are repaying the existing loan balances. Repayments are used to carry out CDBG and RRP eligible activities.
\$ 4,657,330	Redevelopment loans recorded in the Special Revenue Funds are for the Neighborhood Conservation Program (NCP), the purpose of which is to provide a pool of loan funds to encourage investor-owners and owner-occupants to improve the lower income neighborhoods of the City and further equal opportunity in housing. Loans ranging in amounts from \$1,000 to \$45,000 per unit, are offered at 3% interest, and may be amortized over 15 years. The loans are secured by property. Loans to households with very low incomes may be deferred until such time that household income becomes sufficient to repay the loan; the deferred loan will become fully amortized at 3% interest. Deferred loans may also be made to low-income households on fixed incomes.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 3 – LOANS RECEIVABLE, continued

- \$ 12,421,781 The Redevelopment Agency Equity loans recorded in the Special Revenue Funds are for primary financing to obtain blighted property. The loan amounts and terms may vary depending on the amounts needed to acquire and improve the property. The loans are offered at 0% interest, with the total payment deferred until the end of the term and are secured by the property. Of the \$12,421,781 in Equity loans, \$670,950 with Vacaville Community Housing (VCH) is delinquent as of June 30, 2006 and the Redevelopment Agency is working with VCH to resolve the delinquency.
- \$ 353,235 The Redevelopment Down Payment loans recorded in the Special Revenue Funds are for assisting low income families with their down payment and closing costs. There are two types of loans. The first type is given in coordination with a Mortgage Credit Certificate (MCC) for a maximum amount of \$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%.
- \$ 2,364,740 A loan receivable has been recorded in the Redevelopment Debt Service Fund from Vacaville Community Housing, a non-profit corporation. The loan is secured by multi-family housing units at 0% interest and the payment is deferred until the year 2025.
- \$ 2,516,279 The Redevelopment Downtown Rehabilitation loans recorded in the Capital Projects Funds are for façade improvements and historic district building loans. Façade improvement loans are fully amortized for 15-year terms at 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.
- \$ 2,145,000 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 Redevelopment Capital Projects Fund. The Vacaville Library District paid down \$1.5 million in fiscal year 2006 to the Agency reducing the future annual debt service from the Library to the Agency. The loan will be repaid by Fiscal Year 2031/2032 with interest rates ranging from 4% to 7%.
- \$ 1,741,320 A loan receivable has been recorded in the Special Revenue Funds from Vacaville Community Housing, a non-profit corporation. The loan is secured against the property at 0% interest, with the total payment due August 2006. The loan is delinquent and the Redevelopment Agency is working with Vacaville Community Housing to resolve the delinquency.
- \$ 125,000 A loan receivable has been recorded in the Special Revenue Funds from Vacaville Community Housing, a non-profit corporation. The loan is a predevelopment loan and is at 0% interest. The loan is to be repaid within 24 months or at the time permanent financing is secured (whichever is earlier). The City may forgive the loan if the project is found to not be feasible due to no fault of the borrower (failure to obtain permanent financing does not constitute unfeasibility of the project).

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 3 – LOANS RECEIVABLE, continued

\$ 1,455,000	A loan receivable has been recorded in the Capital Projects Funds from Vacaville Community Housing, a non-profit corporation. The loan is secured by multi-family housing units at 0% interest and the total payment is deferred until the year 2025.
\$ 457,295	Promissory note for \$457,295 has been recorded in the I-505/80 Redevelopment fund from Bethany Lutheran Church to finance the acquisition of approximately 6.24 acres of land for the development of improvements (Bethany Lutheran School). The term of the note is 5 years and has an annual interest rate of 7%. Monthly payments of \$7,920 will begin July 31, 2007.
\$ 11,465	In 2005, the City entered into an agreement with the owner of Hollywood Nails for payment of a sewer impact fee. The loan receivable was recorded in the Sewer fund. The agreement is for a 5 year period, 0% interest, with payments of \$103 due monthly, balance of \$4,237 at June 30, 2007. In 2006, the City entered into an agreement with the owner of McKenna's Doghouse for payment of a sewer impact fee. The loan receivable was recorded in the Sewer Fund. The agreement is for a 2 year period, 0% interest, with payments of \$328 due monthly, balance of \$7,228 at June 30, 2007.
\$ 15,890	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 beginning September 30, 2006.
<u>\$ 38,147,886</u>	Total loans receivable

NOTE 4 – OPERATING LEASES

The City has entered into a five year lease for maintenance and related supplies for copiers, printers and fax machines used throughout the City. The lease began on May 1, 2004 and will expire April 30, 2009. The lease may be renewed on a month-to-month basis upon termination of the lease. Annual minimum charge for the lease is \$210,846.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 5 - CAPITAL ASSETS

Government-Wide Financial Statements

A. Summary

The following is a summary of capital assets as of June 30, 2007:

	<u>Government Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>
Non-Depreciable Assets:			
Land	\$ 160,399,002	\$ 6,717,636	\$ 167,116,638
Land held for development	28,568,225	-	28,568,225
Intangibles (Nut Tree)	788,124	-	788,124
Construction in Progress	<u>64,930,663</u>	<u>48,205,453</u>	<u>113,136,116</u>
Total	<u>254,686,014</u>	<u>54,923,089</u>	<u>309,609,103</u>
Depreciable Assets:			
Buildings & Improvements	55,370,809	197,856,617	253,227,426
Equipment	8,028,175	5,318,715	13,346,890
Vehicles	9,632,057	4,266,173	13,898,230
Infrastructure	<u>298,147,580</u>	<u>63,382,053</u>	<u>361,529,633</u>
	371,178,621	270,823,558	642,002,179
Less accumulated depreciation	<u>(154,346,749)</u>	<u>(79,249,742)</u>	<u>(233,596,491)</u>
Total depreciable assets, net	<u>216,831,872</u>	<u>191,573,815</u>	<u>408,405,687</u>
Total capital assets, net	<u>\$ 471,517,886</u>	<u>\$ 246,496,904</u>	<u>\$ 718,014,790</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 5 – CAPITAL ASSETS, continued

B. Governmental Activities

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

	Balance July 1, 2006	Additions	Disposals	Transfers	Balance June 30, 2007
Non-Depreciable Assets:					
Land	\$ 160,383,406	\$ 17,496	\$ (1,900)	\$ -	\$ 160,399,002
Land held for development	16,471,301	12,297,371	(200,447)	-	28,568,225
Intangibles	788,124	-	-	-	788,124
Construction in Progress	<u>58,308,272</u>	<u>14,287,379</u>	<u>(104,163)</u>	<u>(7,560,825)</u>	<u>64,930,663</u>
Total	<u>235,951,103</u>	<u>26,602,246</u>	<u>(306,510)</u>	<u>(7,560,825)</u>	<u>254,686,014</u>
Depreciable Assets:					
Buildings & Improvements	52,627,886	-	(7,044)	2,749,967	55,370,809
Equipment	6,997,780	1,141,897	(117,212)	5,710	8,028,175
Vehicles	8,097,408	1,797,204	(262,555)	-	9,632,057
Infrastructure	<u>286,452,011</u>	<u>6,884,711</u>	<u>-</u>	<u>4,810,858</u>	<u>298,147,580</u>
Total	<u>354,175,085</u>	<u>9,823,812</u>	<u>(386,811)</u>	<u>7,566,535</u>	<u>371,178,621</u>
Less accumulated depreciation for:					
Buildings & Improvements	(10,228,047)	(1,347,466)	-	-	(11,575,513)
Equipment	(6,394,524)	(267,843)	111,282	(570)	(6,551,655)
Vehicles	(5,476,096)	(636,119)	262,554	-	(5,849,661)
Infrastructure	<u>(123,158,905)</u>	<u>(7,211,015)</u>	<u>-</u>	<u>-</u>	<u>(130,369,920)</u>
Total	<u>(145,257,572)</u>	<u>(9,462,443)</u>	<u>373,836</u>	<u>(570)</u>	<u>(154,346,749)</u>
Total depreciable assets, net	<u>208,917,513</u>	<u>361,369</u>	<u>(12,975)</u>	<u>7,565,965</u>	<u>216,831,872</u>
Governmental activities capital assets, net	<u>\$ 444,868,616</u>	<u>\$ 26,963,615</u>	<u>\$ (319,485)</u>	<u>\$ 5,140</u>	<u>\$ 471,517,886</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 5 – CAPITAL ASSETS, continued

Depreciation expense was charged to functions as follows:

Governmental activities:	
General Government	\$ 374,494
Public Safety	1,050,556
Public Works	7,246,185
Community Services	551,711
Housing	7,032
Redevelopment	<u>232,465</u>
Total Government activities depreciation expense	<u>\$ 9,462,443</u>

Internal service fixed assets included in general governmental activities at June 30, 2007 were \$284,918 with related depreciation expense of \$19,496.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 5 – CAPITAL ASSETS, continued

C. Business-type Activities

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

	Balance July 1, 2006	Additions	Disposals	Transfers	Balance June 30, 2007
Non-Depreciable Assets:					
Land	\$ 6,717,636	\$ -	\$ -	\$ -	\$ 6,717,636
Construction in Progress	<u>27,327,631</u>	<u>22,613,041</u>	<u>-</u>	<u>(1,735,219)</u>	<u>48,205,453</u>
Total	<u>34,045,267</u>	<u>22,613,041</u>	<u>-</u>	<u>(1,735,219)</u>	<u>54,923,089</u>
Depreciable Assets:					
Buildings & Improvements	195,928,760	192,638	-	1,735,219	197,856,617
Equipment	5,304,358	53,703	(33,636)	(5,710)	5,318,715
Vehicles	4,156,132	173,251	-	(63,209)	4,266,173
Infrastructure	<u>60,739,709</u>	<u>2,642,344</u>	<u>-</u>	<u>-</u>	<u>63,382,053</u>
Total	<u>266,128,959</u>	<u>3,061,936</u>	<u>(33,636)</u>	<u>1,666,300</u>	<u>270,823,558</u>
Less accumulated depreciation for:					
Buildings & Improvements	(51,349,017)	(4,924,073)	-	-	(56,273,090)
Equipment	(3,823,711)	(276,928)	5,287	571	(4,094,780)
Vehicles	(3,029,654)	(318,931)	-	49,200	(3,299,385)
Infrastructure	<u>(14,321,173)</u>	<u>(1,261,314)</u>	<u>-</u>	<u>-</u>	<u>(15,582,487)</u>
Total	<u>(72,523,555)</u>	<u>(6,781,246)</u>	<u>5,287</u>	<u>49,771</u>	<u>(79,249,744)</u>
Total depreciable assets, net	<u>193,605,404</u>	<u>(3,719,311)</u>	<u>(28,349)</u>	<u>1,716,070</u>	<u>191,573,815</u>
Business-type activities capital assets, net	<u>\$ 227,650,671</u>	<u>\$ 18,893,730</u>	<u>\$ (28,349)</u>	<u>\$ (19,149)</u>	<u>\$ 246,496,904</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 5 – CAPITAL ASSETS, continued

Depreciation expense was charged to functions as follows:

Business-type activities:	
Sewer	\$ 4,446,208
Water	2,003,260
Transit	<u>331,778</u>
Total Business-type activities depreciation expense	<u>\$ 6,781,246</u>

Vehicle and equipment replacement assets in the amount of \$4,356,985 are included in Business-type activities. At June 30, 2007 depreciation expense for these assets totaled \$337,093.

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.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 6 – LONG-TERM LIABILITIES

A. Long-Term Liabilities

The following is a summary of long-term liabilities for the fiscal year ended June 30, 2007:

	Governmental Activities	Business - Type Activities	Total
Long-term debt			
Loans Payable	\$ 3,397,081	\$ -	\$ 3,397,081
Certificates of Participation	18,540,000	-	18,540,000
Bonds Payable	69,572,870	-	69,572,870
Capital Lease Obligations	4,180,923	62,507	4,243,430
State Revolving Loan	-	65,621,100	65,621,100
Total	\$ 95,690,874	\$ 65,683,607	\$ 161,374,481

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

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 6 – LONG-TERM LIABILITIES, continued

Activity

The following is a summary of changes in long-term liabilities for governmental activities. Activity for the City's fiscal year ended June 30, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Loans Payable:					
City					
Frank Gonzales	\$ 72,708	\$ -	\$ 22,838	\$ 49,870	\$ 24,209
Nancy Gonzales	145,416	-	45,677	99,739	48,417
Robert Gonzales	145,416	-	45,677	99,739	48,417
Nancy Gonzales	52,580	-	24,421	28,159	25,927
Lee & Virginia Kloppenburg	190,000	-	190,000	-	-
Robert & Priscilla Gonzales	51,310	-	23,832	27,478	25,301
Brazelton Family Living Trust	675,000	-	67,500	607,500	67,500
Grindstaff Family Trust	168,750	-	-	168,750	-
Spencer Family Trust	168,750	-	-	168,750	-
Robert H. Power Trust	168,750	-	-	168,750	-
Michael/Jane Gonzalez Rev. Trust	168,750	-	-	168,750	-
Redevelopment					
Cernon Street Parking Lot	41,669	-	11,039	30,630	11,711
Beck & Clark Family Trust	392,966	-	17,274	375,692	18,506
Puerta, Frank & Betty	265,999	-	60,805	205,194	64,454
Quinn/Flores	230,000	-	230,000	-	-
Klotz, Albert & Marita Family Trust	671,158	-	60,854	610,304	64,430
Babington, Richard & Carol	-	400,000	-	400,000	30,705
Dept. of Toxic Substances	190,628	-	2,852	187,776	3,018
Total Loans Payable	<u>3,799,850</u>	<u>400,000</u>	<u>802,769</u>	<u>3,397,081</u>	<u>432,595</u>
Certificates of Participation					
1994 Certificates of Participation	7,825,000	-	810,000	7,015,000	855,000
1997 Certificates of Participation	11,820,000	-	295,000	11,525,000	310,000
Total Certificates of Participation	<u>19,645,000</u>	<u>-</u>	<u>1,105,000</u>	<u>18,540,000</u>	<u>1,165,000</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 6 – LONG-TERM LIABILITIES, continued

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Bonds Payable					
1996 Tax Allocation Bonds	7,145,000	-	1,775,000	5,370,000	225,000
2000 Tax Allocation Bonds	11,265,000	-	205,000	11,060,000	215,000
2001 Tax Allocation Bonds	30,245,000	-	645,000	29,600,000	675,000
2000A Multifamily Mortgage	2,071,370	-	63,500	2,007,870	67,310
2006 Taxable Housing Bonds	-	18,875,000	-	18,875,000	205,000
2006 ABAG Tax Allocation Bonds	2,660,000	-	-	2,660,000	90,000
Total Bonds	53,386,370	18,875,000	2,688,500	69,572,870	1,477,310
Capital Lease Obligations					
Vacaville Recreation Corporation	2,375,395	-	75,344	2,300,051	79,198
Westamerica Bank	176,954	-	57,166	119,788	58,966
Westamerica Bank	634,264	-	60,798	573,466	63,017
Banc of America Leasing	1,280,000	50,000	142,382	1,187,618	111,351
Total Capital Lease Obligations	4,466,613	50,000	335,690	4,180,923	312,532
Total long-term debt	\$ 81,297,833	\$ 19,325,000	\$ 4,931,959	\$ 95,690,874	\$ 3,387,437

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

Loans Payable:

Original Debt Amount	Outstanding June 30, 2007	
\$ 200,200	\$ 49,870	Long-term note for the purchase of a portion of 108.58 acres of open space land. Principal and interest are paid in annual installments of \$27,201 including interest at 6% through August 11, 2008. Payments of principal and interest are funded through the General Fund. This note is secured by real property.
\$ 400,400	\$ 99,739	Long-term note for the purchase of a portion of 108.58 acres of open space land. Principal and interest are paid in annual installments of \$54,402 including interest at 6% through August 11, 2008. Payments of principal and interest are funded through the General Fund. This note is secured by real property.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 6 – LONG-TERM LIABILITIES, continued

\$ 400,400	\$ 99,739	Long-term note for the purchase of a portion of 108.58 acres of open space land. Principal and interest are paid in annual installments of \$54,402 including interest at 6% through August 11, 2008. Payments of principal and interest are funded through the General Fund. This note is secured by real property.
\$ 202,000	\$ 28,159	Long-term note for the purchase of 20.56 acres of open space land. Principal and interest are payable in monthly installments of \$2,243 including interest at 6% through July 31, 2008. Payments of principal and interest are funded through the General Fund. This note is secured by real property.
\$ 197,125	\$ 27,478	Long-term note for the purchase of 20.17 acres of open space land. Principal and interest are payable in monthly installments of \$2,188 including interest at 6% through July 31, 2008. Payments of principal and interest are funded through the General Fund. This note is secured by real property.
\$ 675,000	\$ 607,500	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Principal and interest payments are due annually at a rate of 5.50%, due May 2016. Each installment includes principal of \$67,500 plus applicable interest on the unpaid balance. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
\$ 168,750	\$ 168,750	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Interest payments are due annually at a rate of 5.50% (\$9,281.25) through May 2016 and principal of \$168,750 is due May 2016. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
\$ 168,750	\$ 168,750	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Interest payments are due annually at a rate of 5.50% (\$9,281.25) through May 2016 and principal of \$168,750 is due May 2016. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
\$ 168,750	\$ 168,750	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Interest payments are due annually at a rate of 5.50% (\$9,281.25) through May 2016 and principal of \$168,750 is due May 2016. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
\$ 168,750	\$ 168,750	Long-term note for a portion of the purchase of 60.39 acres of land at the northeast corner of Pleasants Valley Road and Foothill Road. Interest payments are due annually at a rate of 5.50% (\$9,281.25) through May 2016 and principal of \$168,750 is due May 2016. Payments of principal and interest are funded through the Drainage Detention Zone 2 Fund.
\$ 99,500	\$ 30,630	Long-term note for the Agency's purchase of a downtown parking lot. Principal and interest are paid in semi-annual installments of \$6,688 each May and November including interest at 6% through November 1, 2009. Payments of principal and interest are funded by tax increment revenues of the Agency.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 6 – LONG-TERM LIABILITIES, continued

\$ 475,000	\$ 375,692	Long-term note for the Agency's purchase of .51 acres of downtown property. Principal and interest are paid in semi-annual installments of \$22,243 each March and September including interest at 7.0% through March 1, 2020. Payments of principal and interest are funded by increment revenues of the Agency.
\$ 565,000	\$ 205,194	Long-term note for the Agency's 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 6% through January, 2010. Payments of principal and interest are funded by tax increment revenues of the Agency.
\$ 742,500	\$ 610,304	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 tax increment revenues of the Agency.
\$ 400,000	\$ 400,000	Long-term note for the Agency's acquisition of 140 Depot Street and 150 Depot Street. Principal and interest are paid in annual installments of \$53,705 each January through January 2017. Payment of principal and interest are funded by tax increment revenues of the Agency.
\$ 195,690	\$ 187,776	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 5.7% through July 2034. Payments of principal and interest are funded by tax increment revenues of the Agency.

The annual requirement to amortize debt outstanding as of June 30, 2007 for loans payable is as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 432,595	\$ 194,743	\$ 627,338
2009	404,666	170,221	574,887
2010	277,592	146,456	424,048
2011	206,608	130,276	336,884
2012	385,827	108,300	494,127
2013-2017	1,571,270	320,231	1,891,501
2018-2022	118,523	14,935	133,458
Total	<u>\$ 3,397,081</u>	<u>\$ 1,085,162</u>	<u>\$ 4,482,243</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 6 – LONG-TERM LIABILITIES, continued

Certificates of Participation:

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2007</u>	
\$15,170,000	\$ 7,015,000	1994 Certificates of Participation issued by the Authority for the acquisition, construction, and installation of a new community center, community theater, and public library complex within the City. Interest rates range from 3.00% to 5.25% and the certificates fully mature in 2013. Principal payments began December 1994 and payments of principal and interest are funded by excise tax assessments of city residents and businesses. Shortfalls in excise tax revenues are funded by other General Fund revenues.
\$13,660,000	\$11,525,000	1997 Certificates of Participation issued by the Authority for acquisition of various City-owned facilities. Interest rates range from 5.4% to 5.5% and the certificates mature in 2028. The certificates are payable from and secured by the City and are funded by cash and investments held by the City in its debt service funds.

The annual requirement to amortize debt outstanding as of June 30, 2007 for certificates of participation is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 1,165,000	\$ 959,944	\$ 2,124,944
2009	1,215,000	899,603	2,114,603
2010	1,285,000	835,763	2,120,763
2011	1,350,000	767,990	2,117,990
2012	1,425,000	696,132	2,121,132
2013-2017	4,490,000	2,530,533	7,020,533
2018-2022	2,895,000	1,712,014	4,607,014
2023-2027	3,815,000	795,438	4,610,438
2028-2031	900,000	24,747	924,747
Total	<u>\$ 18,540,000</u>	<u>\$ 9,222,164</u>	<u>\$ 27,762,164</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 6 – LONG-TERM LIABILITIES, continued

Bonds Payable:

<u>Original Debt Amount</u>	<u>Outstanding June 30, 2007</u>	
\$ 9,250,000	\$ 5,370,000	Tax Allocation Revenue Bonds issued by the Authority for financing various public improvements in the Agency's Vacaville Community Redevelopment area. Interest rates range from 4.0% to 5.40% and the bonds mature in September 2022. Payments of principal and interest are funded by tax increment revenues of the Agency. This year's change in principal included a \$1.5 million bond call.
\$11,995,000	\$11,060,000	Tax Allocation Revenue Bonds issued by the Authority for financing various public improvements in the Agency's redevelopment project areas. 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.
\$31,980,000	\$29,600,000	Tax Allocation Revenue Bonds issued by the Authority for financing various public improvements in the Agency's redevelopment project areas. Interest rates range from 4.00% to 7.00% and the bonds mature in September 2026. Payments of principal and interest are funded by tax increment revenues of the Agency.
\$ 2,364,740	\$ 2,007,870	Multifamily Mortgage Revenue Bonds were issued by the Agency to provide financing for Vacaville Community Housing (VCH), a non-profit corporation, to acquire and rehabilitate multifamily rental housing units. The bonds are limited obligations of the Agency and are payable solely from VCH project revenues, certain tax increment revenues, and certain other revenue and pledge funds. The Agency is committed to funding 25.4% of the debt service on the bonds from tax increment revenue during the 30 year life of the bonds, and as such 25.4% of the bond principal has been recorded in the financial statements as an obligation of the Agency. The Agency has an offsetting note receivable from VCH for \$1,455,000, with payments starting in 2025, to be amortized over the following 30 years, to reimburse the Agency for debt service payments advanced on behalf of VCH. Interest rates on the bonds range from 4.78% to 6.00% and the bonds mature in 2025.
\$18,875,000	\$18,875,000	Taxable Housing Tax Allocation Bonds issued by the Agency for financing redevelopment projects primarily by making loans to qualified 501(c)(3) non-profit corporations in connection with their development of multi-family rental housing in the City of Vacaville. Interest rates range from 5.6% to 7%. Payments of principal and interest are funded by tax increment revenues of the Agency.
\$ 2,660,000	\$ 2,660,000	Tax Allocation Revenue Bonds issued by the Association of Bay Area Governments (ABAG) for financing redevelopment projects, primarily sewer main extension improvements, located in the Redevelopment Agency's I-505/80 project area. Interest rates range from 3.0% to 4.5% and the bonds mature in September 2026. Payments of principal and interest are funded by tax increment revenues of the Agency.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 6 – LONG-TERM LIABILITIES, continued

The annual requirement to amortize debt outstanding as of June 30, 2007 for bonds payable is as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 1,477,310	\$ 3,714,605	\$ 5,191,915
2009	1,646,120	3,639,282	5,285,402
2010	1,729,930	3,554,704	5,284,634
2011	1,813,740	3,466,390	5,280,130
2012	1,897,550	3,374,093	5,271,643
2013-2017	11,075,220	15,250,622	26,325,842
2018-2022	14,345,240	11,874,333	26,219,573
2023-2027	16,157,760	7,656,156	23,813,916
2028-2032	18,025,000	2,982,785	21,007,785
2033	1,405,000	43,555	1,448,555
Total	<u>\$ 69,572,870</u>	<u>\$ 55,556,525</u>	<u>\$ 125,129,395</u>

Capital Lease Obligations:

Original Debt Amount	Outstanding June 30, 2007
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\$ 2,626,700	\$ 2,300,051
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Sublease agreement with Vacaville Recreation Corporation (Corporation) and Agency. The Agency entered into an agreement, option to purchase and right of first refusal with the Corporation for the in-line/multi-purpose portion of the Vacaville Skating Center. Pursuant to a separate sublease agreement between the City and Agency, the City agreed to assume all rights and responsibilities of the Agency under the lease agreement. In the event of the City's inability to pay the sublease, the Agency is obligated to pay the Corporation the lease payments. The City also assumed the option to purchase the subleased premises for one dollar at the expiration of the term of the sublease or prepayment in full of the sublease payments. This sublease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid monthly through September 2025. Lease payments are funded through the Parks and Recreation Capital Projects Fund.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 6 – LONG-TERM LIABILITIES, continued

\$ 282,763	\$ 119,788	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for four (4) 2003 Ford E450 Superduty, Rescue LE Ultramedic Type III Ambulances at a total cost of \$480,263. The City made a down payment of \$200,000 and financed the remaining balance of \$280,263 plus \$2,500 in costs at an interest rate of 3.149% with an option to purchase. The lease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid annually through November 2008. Lease payments are funded through the City's Governmental Vehicle Replacement Fund.
\$ 703,100	\$ 573,466	Lease agreement between the City and First Municipal Leasing Corporation and Westamerica Bank for two Type I Fire Engines at a total cost of \$703,100 with an interest rate of 3.65% with an option to purchase. The lease qualifies as a capital lease for accounting purposes and has been recorded as a capital asset and liability at the present value of the future minimum lease payments. Lease payments are paid annually through July 2014. Lease payments are funded through the City's Government Vehicle Replacement Fund.
\$ 1,280,000	\$ 1,187,618	Lease agreement between the City and Banc of America Leasing & Capital and Deutsche Bank National Trust Company for the lease of a ladder truck, brush unit, and backhoe with an estimated cost of \$1,280,000 with an option to purchase. The lease qualifies as a capital lease for accounting purposes and has been recorded as a liability at the present value of the future minimum lease payments. Lease payments will be paid annually through November 2015. Lease payments are funded through the City's Government Vehicle Replacement Fund.

The annual requirement to amortize debt outstanding as of June 30, 2007 for capital lease obligations is as follows:

Year Ending June 30	Principal	Interest	Total
2008	\$ 312,532	\$ 187,668	\$ 500,200
2009	325,407	174,793	500,200
2010	276,090	161,374	437,464
2011	288,102	149,362	437,464
2012	300,646	136,817	437,463
2013-2017	1,379,663	478,644	1,858,307
2018-2022	722,441	239,570	962,011
2023-2027	576,042	49,267	625,309
Total	\$ 4,180,923	\$ 1,577,495	\$ 5,758,418

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 6 – LONG-TERM LIABILITIES, continued

The assets acquired through capital leases are as follows:

Asset:	
Buildings & Improvements	\$ 2,626,700
Equipment	2,413,582
Less: Accumulated depreciation	<u>(648,927)</u>
Total	<u>\$ 4,391,355</u>

Other Long-term Liabilities:

Compensated absences are due to employees for earned but unused compensated absence amounts, including vacation, sick, and compensated time off leave balances. The following is a summary of the compensated absences liability at the fiscal year ended June 30, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Compensated Absence	<u>\$ 5,289,275</u>	<u>\$ 6,408,605</u>	<u>\$ 5,512,039</u>	<u>\$ 6,185,841</u>	<u>\$ 380,858</u>

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

Activity

The following is a summary of changes in the business-type and proprietary fund long-term liabilities at June 30, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
State Revolving Loans Payable:					
Easterly Wastewater Treatment Plant					
Interim Renovation	\$ 880,813	\$ -	\$ 48,057	\$ 832,756	\$ 49,402
Plant Expansion	67,556,334	-	2,767,990	64,788,344	2,842,725
Capital Lease Payable:					
Equipment	<u>120,000</u>	<u>-</u>	<u>57,493</u>	<u>62,507</u>	<u>5,861</u>
Total	<u>\$ 68,557,147</u>	<u>\$ -</u>	<u>\$ 2,873,540</u>	<u>\$ 65,683,607</u>	<u>\$ 2,897,988</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 6 – LONG-TERM LIABILITIES, continued

Loans Payable:

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

This loan is a State Revolving Loan Fund Program contract between the State Water Resources Control Board and the City with a maximum loan amount of \$1,104,315 to fund the Easterly Wastewater Treatment Plant Interim Renovation. The loan is due in installments of \$72,719. Principal and interest are paid annually each September including interest at 2.8% through 2021.

The annual debt service requirements on this note were as follows:

Year Ending June 30	Proprietary Fund		Total
	Principal	Interest	
2008	\$ 49,402	\$ 23,317	\$ 72,719
2009	50,786	21,934	72,720
2010	52,208	20,512	72,720
2011	53,669	19,050	72,719
2012	55,172	17,547	72,719
2013-2017	299,917	63,681	363,598
2018-2021	271,602	19,275	290,877
Total	<u>\$ 832,756</u>	<u>\$ 185,316</u>	<u>\$ 1,018,072</u>

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

This loan is a State Revolving Loan Fund Program contract between the State Water Resources Control Board and the City with a maximum loan amount of \$67,786,401 to fund the Easterly Wastewater Treatment Plant Expansion. The loan repayment amounts are due in installments of \$4,592,011 commencing in 2006. Principal and interest will be paid annually each July including interest at 2.7% through 2024.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 6 – LONG-TERM LIABILITIES, continued

The estimated annual debt service requirements on this note are as follows:

Year Ending June 30	Proprietary Fund		Total
	Principal	Interest	
2008	\$ 2,842,725	\$ 1,749,285	\$ 4,592,010
2009	2,919,479	1,672,532	4,592,011
2010	2,998,305	1,593,706	4,592,011
2011	3,079,259	1,512,752	4,592,011
2012	3,162,399	1,429,612	4,592,011
2013-2017	17,139,819	5,820,235	22,960,054
2018-2022	19,582,062	3,377,991	22,960,053
2023-2026	13,064,296	711,734	13,776,030
Total	<u>\$ 64,788,344</u>	<u>\$ 17,867,847</u>	<u>\$ 82,656,191</u>

Capital Lease Obligations:

Original Debt Amount	Outstanding June 30, 2007
\$ 70,000	\$ 62,507

Lease agreement between the City and Banc of America Leasing & Capital and Deutsche Bank National Trust Company for a water truck with an estimated cost of \$70,000 with an option to purchase. The lease qualifies as a capital lease for accounting purposes and has been recorded as a liability at the present value of the future minimum lease payments. Lease payments will be paid annually through November 2015. Lease payments are funded through the City's Sewer Fund.

The annual requirement to amortize debt outstanding as of June 30, 2007 for capital lease obligations is as follows:

Year Ending June 30	Principal		Interest		Total
	Principal	Interest	Principal	Interest	
2008	\$ 5,861	\$ 2,619	\$ 5,861	\$ 2,619	\$ 8,480
2009	6,106	2,373	6,106	2,373	8,479
2010	6,362	2,118	6,362	2,118	8,480
2011	6,629	1,851	6,629	1,851	8,480
2012	6,906	1,573	6,906	1,573	8,479
2013-2016	30,643	3,276	30,643	3,276	33,919
Total	<u>\$ 62,507</u>	<u>\$ 13,810</u>	<u>\$ 62,507</u>	<u>\$ 13,810</u>	<u>\$ 76,317</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 6 – LONG-TERM LIABILITIES, continued

The asset acquired through capital lease is as follows:

Asset:		
Equipment	\$	72,890
Less: Accumulated depreciation		<u>(5,206)</u>
Total		<u>\$ 67,684</u>

Other Long-term Liabilities:

Compensated absences are due to employees for earned but unused compensated absence amounts, including vacation, sick, and compensated time off leave balances. The following is a summary of the compensated absences liability at the fiscal year ended June 30, 2007:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Business Activities:					
Compensated Absence	<u>\$ 797,370</u>	<u>\$ 864,505</u>	<u>\$ 777,937</u>	<u>\$ 883,938</u>	<u>\$ 55,430</u>

C. Debt Without City Commitment

Special Assessment Debt

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

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 6 – LONG-TERM LIABILITIES, continued

The amount of bonds outstanding at June 30, 2007 is as follows:

Description	Original Bond Amount	June 30, 2007
1994 Alamo Corridor	\$ 976,129	\$ 90,000
1998 Water Rights	9,140,000	990,000
1997 Green Tree	4,505,000	2,290,000
1990 Eubanks Drive/Midway Road	3,660,000	2,115,000
1997 Allison/Ulatis Phase 2	1,140,739	690,000
1997 Northeast Sector	8,434,307	6,490,000
2002-A Consolidated Refunding	18,365,000	12,975,000
2005-Nut Tree Assessment Dist	7,275,000	<u>7,270,000</u>
Total 1915 Act Limited Obligation Bonds		<u>\$ 32,910,000</u>

Community Facilities District Bonds

This \$10,365,000 bond issue was authorized pursuant to the Mello-Roos Community Facilities Act of 1982 as amended, and is payable from special taxes levied on property within the Community Facilities District according to a methodology approved by the voters within the District and by the City Council of the City of Vacaville. Neither the faith and credit nor taxing power of the City of Vacaville is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay the delinquency out of any available funds of the City. The City acts solely as an agent for those paying taxes levied and the bondholders. The amount of bonds outstanding at June 30, 2007 is \$5,095,000.

Mark-Roos Local Bond Pooling Act Funds

This \$6,150,000 bond issue was authorized pursuant to the Mark-Roos Local Bond Pooling Act, and is payable from special taxes levied on property within the District according to a methodology approved by the voters within the District and by the City Council of the City of Vacaville. Neither the faith and credit nor taxing power of the City of Vacaville is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the City has no duty to pay the delinquency out of any available funds of the City. The City acts solely as an agent for those paying taxes levied and the bondholders. The amount of bonds outstanding at June 30, 2007 is \$4,620,000.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 7 – EMPLOYEE RETIREMENT PLANS

PENSION PLAN

Plan Description

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

Funding Policy

Participants are required to contribute 9% of their annual covered salary for safety employees and 7% of their annual covered salary for employees in the miscellaneous category. Participant contributions are made on a pre-tax basis pursuant to Internal Revenue Code Section 414(h) (2). The City is required to contribute at an actuarially determined rate; the rate during 2006-2007 was 12.811% for miscellaneous employees and 16.481% for safety employees. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2007, the City's annual PERS pension cost of \$7,329,030, was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a four-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. (The amortization period at June 30, 2004, was 20 years for prior service unfunded, and 20 years for remaining unfunded.)

Three-Year Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2005	\$ 4,660,719	100%	\$ -
6/30/2006	6,679,322	100%	-
6/30/2007	7,329,030	100%	-

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

SUPPLEMENTAL PENSION PLAN

Plan Description

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

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

Funding Policy

Participants are required to contribute 2% of their annual covered salary. The City is required to make contributions at rates determined by an actuarial study performed every two years. The City's contribution rate for fiscal year 2007 was 4.53% of covered payroll during the year. See excess benefit plan funding policy for additional information.

Annual Pension Cost

For 2007, the City's annual pension cost of \$1,498,161 was equal to the required and actual contributions. The required contribution was determined as part of a July 1, 2004 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions were consistent with the PERS June 30, 1999 actuarial valuation, with the exception of the interest assumption, and included (a) 7.5% investment rate of return (b) projected annual salary increases that vary by duration of service and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3%.

Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2005	\$ 1,317,243	100%	\$ -
6/30/2006	1,405,073	100%	-
6/30/2007	1,498,161	100%	-

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 7 – EMPLOYEE RETIREMENT PLANS, continued

EXCESS BENEFIT PENSION PLAN

Plan Description

The City of Vacaville entered into an agreement with the PARS Trust and Phase II Systems as the Trust Administrator to contribute to an excess benefit cost-sharing multiple-employer defined benefit pension plan (Excess Plan). The purpose of the Excess Plan is to supplement the benefits of certain employees under the City of Vacaville's PARS supplemental retirement plan, to the extent that such benefits are reduced by the limitations on benefits imposed by Internal Revenue Code 415 as amended. Death and disability benefits are not covered under the plan. The amount of the excess benefit is determined based on: length of PERS service; final average compensation; and actuarially determined factors. The amount of the benefit is equivalent to the difference between the actual benefits of the participant under the supplemental retirement plan and the actuarial equivalent of the benefits that would have been payable to the participant under such plan except for the limitations on benefits imposed by Internal Revenue Code 415. The cost-of-living adjustment is 2% per year. The Excess Plan complies with the requirements under Internal Revenue Code 415 as a qualified governmental excess benefit arrangement.

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

Funding Policy

Participants and the City's contributions are based on the difference between the actual benefits under the Supplemental Plan and the actuarial equivalent of the benefits that would have been payable to the participant under the Supplemental Plan without limitations imposed by Internal Revenue Code 415.

Annual Pension Cost

For 2007, the City's annual pension cost of \$216,000 was equal to the required and actual contributions. The required contribution was determined as part of a July 1, 2004 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions were consistent with the PERS June 30, 1999 actuarial valuation, with the exception of the interest assumption, and included (a) 7.5% investment rate of return (b) projected annual salary increases that vary by duration of service and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial liabilities information included in the Supplemental Plan also includes Excess Plan information.

Trend Information

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2005	\$ 78,000	100%	\$ -
6/30/2006	123,000	100%	-
6/30/2007	216,000	100%	-

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 8 – POST-EMPLOYMENT HEALTH BENEFITS

In addition to the pension benefits described in Note 7, the City provides post-retirement health care benefits, in accordance with employee collective bargaining agreements, to all employees who retire from the City on or after attaining age 50 with at least five years of PERS service. For 2007, 229 retirees met those eligibility requirements.

The City contributes a monthly amount to PERS for each retiree, determined by the retiree's employment classification when employed by the City. If the retiree selects health coverage through PERS that has a higher premium than the City's contribution, the balance is deducted from the retiree's monthly PERS pension benefit.

City contributions to PERS for post-retirement health care benefits are financed on a pay-as-you-go method and expenditures are recognized during the period that insurance coverage is in effect. During the year, expenditures of \$1,988,611 were recognized for post-retirement health care.

NOTE 9 – FUND EQUITY

Deficit Fund Balances

The following funds had a deficit as of June 30, 2007:

Community Facilities Fund

The Community Facilities Fund has a deficit of \$7,482 at June 30, 2007. This deficit consists of legal expenses incurred for the formation of the Community Facilities Districts. The Districts will begin billing fees through property taxes during fiscal year 2008.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 10 – INTERFUND TRANSACTIONS

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

The major transfer activity consists of the following: 1) General Fund transferred excise tax revenue in the amount of \$1,111,198 to the Measure I debt service fund to cover the City's Measure I debt obligation; 2) Community Development transferred \$1,220,000 from the Home Investment Partnership Program grant to RDA to cover the equity loans assistance program; 3) RDA capital project funds transferred \$4,170,808 to the RDA debt service fund to cover downtown redevelopment debt obligations and \$2,569,067 to the City's capital project funds to cover funding for capital projects; 4) RDA housing and loans transferred \$3,553,248 to the RDA capital project funds to cover RDA capital projects.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 10 – INTERFUND TRANSACTIONS, continued

The following schedule briefly summarizes the City’s transfer activity for the fiscal year ended June 30, 2007:

Interfund Transfers:

Transfers Out (fund making transfer):	Transfers In (fund receiving transfer):										Totals
	Special Revenue Fund			Debt Service Fund	Capital Projects Funds		Enterprise Funds			Internal Service Fund	
	General Fund	Community Development	Redvelopment	Redevelopment	City Projects	Redevelopment	Other Governmental Funds	Sewer Utility	Water Utility	Central Services	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 425,284	\$ 31,449	\$ 1,579,881	\$ -	\$ 157,950	\$ 40,000	\$ 2,234,563
Special Revenue Funds:											
Community Development	-	-	1,220,000	-	-	-	-	-	-	-	1,220,000
Redevelopment	50,000	3,459	-	863,309	-	3,553,248	127,244	-	-	-	4,597,259
Capital Projects Funds:											
City Projects	471,585	-	-	-	-	524,186	-	-	-	5,000	1,000,771
Redevelopment	162,180	-	-	4,170,808	2,569,067	-	1,017,666	281,804	80,000	20,000	8,301,524
Other Governmental Funds:	806,470	-	-	-	98	-	-	-	-	-	806,568
Enterprise Funds:											
Sewer Utility	13,340	-	-	-	10,000	-	-	-	6,811	7,500	37,651
Water Utility	12,240	-	-	-	511,871	-	-	-	-	7,500	531,611
Internal Service Funds:											
Vehicle Replacement	21,140	-	-	-	-	-	-	-	-	-	21,140
Totals	\$ 1,536,955	\$ 3,459	\$ 1,220,000	\$ 5,034,117	\$ 3,516,319	\$ 4,108,882	\$ 2,724,790	\$ 281,804	\$ 244,761	\$ 80,000	\$ 18,751,087

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 10 – INTERFUND TRANSACTIONS, continued

Due to/Due From Other Funds:

	Due to Other Funds (fund receiving loan):
Due From Other Funds (fund making loan):	Community Facilities
General Fund	\$ 7,482

Advances to/Advances From Other Funds:

**Advances From Other Funds
(fund receiving loan):**

Advances to Other Funds (fund making loan):	City Projects Capital Projects Fund	Redevelopment Capital Projects Fund	Utility Funds Water Fund	Total
Capital Projects Fund:				
Development Impact	\$ -	\$ 1,406,965	\$ -	\$ 1,406,965
Redevelopment	10,534,518	-	-	10,534,518
Total City Projects	10,534,518	1,406,965	-	11,941,483
Enterprise Funds:				
Sewer Utility	771,757	-	100,000	871,757
Water Utility	1,543,516	1,778,912	-	3,322,428
Total Enterprise	2,315,273	1,778,912	100,000	4,194,185
Total	\$ 12,849,791	\$ 3,185,877	\$ 100,000	\$ 16,135,668

The advances to/from consists of City Development Impact Funds loan for Nut Tree development in the amount of \$1,406,965. The Redevelopment Capital Projects Funds loaned the City Capital Projects Fund for construction of a new police facility in the amount of \$10,534,518. Water and Sewer Utility Enterprise loans were for: 1) Parks and Recreation infrastructure in the amount of \$1,363,438; 2) Construction of a fire station in the amount of \$951,835; and 3) Redevelopment Agency for Nut Tree development in the amount of \$1,778,912.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 11 – UNEARNED AND DEFERRED REVENUE

Unearned revenues in the government-wide financial statements as of June 30, 2007 were as follows:

	Governmental Activities	Business-Type Activities	Total
	<u> </u>	<u> </u>	<u> </u>
Accreted interest on			
Certificates of Participation	\$ 7,410,274	\$ -	\$ 7,410,274
Community Development Block Grant	831,575	-	831,575
Bethany note interest	57,296	-	57,296
Solano County Housing Vouchers	178,043	-	178,043
General services and recreation revenue	305,375	-	305,375
Police grants	51,986	-	51,986
Building permit revenue	1,244,663	-	1,244,663
Buck & Eldridge Maintenance	64,402	-	64,402
Sewer payback agreement	-	11,464	11,464
Water utility revenue	-	50,126	50,126
	<u>\$ 10,143,614</u>	<u>\$ 61,590</u>	<u>\$ 10,205,204</u>

The following amounts and descriptions are included in unearned revenue in the government-wide statements:

- \$ 7,410,274 Accreted interest on Certificates of Participation.
- \$ 2,733,340 Various grants and fees for governmental and business type funds.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 11 – UNEARNED AND DEFERRED REVENUE, continued

Deferred and unearned revenues in the fund financial statements as of June 30, 2007 were as follows:

	Major Governmental Funds				Other Governmental Funds	Proprietary Funds	
	General	Community Development	Certificates of Participation	Redevelopment Capital Projects		Sewer Utility	Water Utility
General services and recreation revenue	\$ 305,375	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CDBG/HOME loans	-	10,793,771	-	-	-	-	-
CDBG maintenance reserve	-	16,210	-	-	-	-	-
Accreted interest	-	-	7,410,274	-	-	-	-
Vacaville Library District loan	-	-	-	2,145,000	-	-	-
Buck & Eldridge Maintenance	-	-	-	64,402	-	-	-
Bethany note interest	-	-	-	57,296	-	-	-
Building permit revenue	-	-	-	-	1,244,663	-	-
Solano County Housing Vouchers	-	-	-	-	178,043	-	-
Police grants	-	-	-	-	51,986	-	-
Sewer payback agreement	-	-	-	-	-	11,464	-
Water utility revenue	-	-	-	-	-	-	50,126
	<u>\$ 305,375</u>	<u>\$ 10,809,981</u>	<u>\$ 7,410,274</u>	<u>\$ 2,266,698</u>	<u>\$ 1,474,692</u>	<u>\$ 11,464</u>	<u>\$ 50,126</u>

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

- \$ 10,809,981 Recorded in the Community Development Special Revenue Fund for the HOME Partnership Program (HOME), the Community Development Block Grant (CDBG) and the Rental Rehabilitation Program (RRP). A long-term receivable and deferred revenue are recorded in the Community Development Special Revenue Fund.
- \$ 2,145,000 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 were recorded in the amount of \$2,145,000 in the Redevelopment Capital Projects Fund.
- \$ 7,410,274 Accreted interest on Certificates of Participation.
- \$ 729,809 Various grants and fees for governmental and business type funds.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 12 – 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 reduces 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 City, 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 the next page. Additionally, the remaining unreserved, designated and undesignated fund balance are also shown on the next page:

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 12 – CLASSIFICATION OF NET ASSETS AND FUND BALANCES, continued

	General	Community Development	Redevelopment Special Revenue	Certificates of Participation	Redevelopment Debt Service	City Projects	Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds
Reserved Fund Balances:									
Encumbrances	\$ 540,742	\$ 14,039	\$ 10,626	\$ -	\$ -	\$ 829,814	\$ 443,630	\$ 142,449	\$ 1,981,300
Loans and long-term receivables	-	691	19,189,556	-	2,364,741	-	4,306,877	-	25,861,865
Prepaid items	-	-	854	-	-	1,778,962	454	854,664	2,634,934
Advances to other funds	-	-	-	-	-	1,406,965	10,534,518	-	11,941,483
Debt service	-	-	-	5,805,929	4,303,674	-	-	1,236,896	11,346,499
Capital projects	-	-	-	-	-	-	16,547,869	1,976,911	18,524,780
Subtotal	<u>540,742</u>	<u>14,730</u>	<u>19,201,036</u>	<u>5,805,929</u>	<u>6,668,415</u>	<u>4,015,741</u>	<u>31,833,348</u>	<u>4,210,920</u>	<u>72,290,861</u>
Unreserved Fund Balances:									
Designated for capital projects									
General Fund	13,518,510	-	-	-	-	-	-	-	13,518,510
Capital Projects Funds	-	-	-	-	-	1,000,832	11,673,020	-	12,673,852
Subtotal	<u>13,518,510</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000,832</u>	<u>11,673,020</u>	<u>-</u>	<u>26,192,362</u>
Undesignated Fund Balances									
Special Revenue Funds	-	67,601	12,178,505	-	-	-	-	4,862,411	17,108,517
Debt Service Funds	-	-	-	-	698,460	-	-	9,569	708,029
Subtotal	<u>-</u>	<u>67,601</u>	<u>12,178,505</u>	<u>-</u>	<u>698,460</u>	<u>-</u>	<u>-</u>	<u>4,871,980</u>	<u>17,816,546</u>
Total Fund Balances	<u>\$ 14,059,252</u>	<u>\$ 82,331</u>	<u>\$ 31,379,541</u>	<u>\$ 5,805,929</u>	<u>\$ 7,366,875</u>	<u>\$ 5,016,573</u>	<u>\$ 43,506,368</u>	<u>\$ 9,082,900</u>	<u>\$ 116,299,769</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to and illnesses of employees; and natural disasters. The City maintains the Insurance Internal Service Fund to account for and finance its risks of loss. Under this program, the City is self-insured for the first \$500,000 of each claim for general, auto liability, and public official liability and the first \$350,000 of each claim for worker's compensation.

The City is a member of the California Joint Powers Risk Management Authority (CJPRMA). Through CJPRMA, the City has an additional \$39,500,000 in comprehensive general liability, auto liability, and public official liability over and above the self-insured retention of \$500,000.

The City is also a member of the Local Agency Worker's Compensation Excess Insurance Authority (LAWCX) Joint Powers Authority, which provides excess workers compensation coverage up to \$200,000,000 per occurrence.

The purpose of CJPRMA and LAWCX is to spread the adverse effect of losses among the member agencies and to purchase excess insurance as a group, thereby reducing its expense. The City contributes its pro rata share of expected losses to pools administered by CJPRMA and LAWCX. Should actual losses among participants be greater than the anticipated losses, the City may be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the City may be refunded its pro rata share of the excess. Settled claims have not exceeded excess coverage in any of the past three fiscal years.

All operating funds participate in the program and make payments to the Insurance Internal Service Fund based on historical cost and/or actuarial estimates of the amounts needed to pay prior and current year claims, loss of development and to allow accrual of estimated incurred but not reported claims. The total actuarial determined claims liability at June 30, 2007 is \$5,045,000 consisting of \$806,000 general liability and \$4,239,000 worker's compensation liability and it includes allocated expenses and a provision for the incurred but not reported claims. Of this balance, \$1,797,316 has been recorded as a current liability on the balance sheet.

Additionally, the City participates in the California Transit Insurance Pool (CalTIP), a California Joint Powers Authority. The purpose of CalTIP is to provide coverage for the City's public transit system. The City maintains, through its membership in CalTIP, General Liability, Automobile Liability and Public Officials Errors & Omissions limits of \$20,475,000 per occurrence, subject to a \$25,000 self-insured retention. In addition, the City also participates in CalTIP's Physical Damage Program, protecting the transit vehicle fleet with a \$10,000,000 per occurrence limit and \$5,000 deductible per accident.

These claims estimates are based on the requirements of Governmental Accounting Standards Board Statement 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, and include estimated claims incurred but not yet reported as of June 30, 2007

Changes in the Insurance Fund claims liability during the fiscal year July 1, 2006 through June 30, 2007 are as follows:

	Claims Liability July 1	Current Year Claims and Changes in Estimates	Current Year Claim Payments	Balance June 30	Due Within One Year
2006-2007	\$ 5,310,000	\$ (170,463)	\$ (94,537)	\$ 5,045,000	\$ 1,797,316
2005-2006	7,378,000	(610,000)	(1,458,000)	5,310,000	1,874,850
2004-2005	8,251,000	(131,829)	(741,171)	7,378,000	2,495,850

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 14 – COMMITMENTS AND CONTINGENCIES

A. COMMITMENTS

There are no reportable commitments at June 30, 2007.

B. CONTINGENCIES

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

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

The City worked with the Department of Justice (DOJ) to determine the City's compliance with the Americans with Disabilities Act of 1990 (ADA). The DOJ provided a number of specific remedies including timelines, law specific solutions and reporting over the next ten years. The City was not able to provide a reasonable estimated balance. Therefore, no liability was recorded as of June 30, 2007.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 15 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS

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

The Solano Water Authority

In preparation of future water needs, the U.S. Bureau of Reclamation began a study of the environmental impact of marketing additional water from the Central Valley Project. The Solano County Water Policy Advisory Committee issued a report showing the Solano County water needs through the year 2015. Subsequent to these studies, a number of Solano County agencies formed a joint venture, the Solano Water Authority (the Water Authority).

The Water Authority is a public agency created under a joint exercise of powers agreement among the participating members for the purpose of acquiring water rights from several water sources such as the Central Valley Project, North Bay Aqueduct, Sacramento River, the Noonan Reservoir, and the Solano project (Lake Berryessa).

The governing body of the Water Authority consists of a representative from each participating agency. Completed financial statements may be obtained from the Solano Irrigation District.

The following unaudited information for the Water Authority is presented as of, and for the year ended June 30, 2007:

Current assets	\$ 382,102
Property, plant and equipment, net	<u>954,067</u>
Total assets	<u>\$ 1,336,169</u>
Contributed capital	\$ 2,170,931
Retained earnings	<u>(834,762)</u>
Total equity	<u>\$ 1,336,169</u>
Other revenues (expenses), net	<u>17,925</u>
Decrease in retained earnings	<u>\$ 17,925</u>

As of June 30, 2007 the City of Vacaville is one of 11 member agencies of the Water Authority, and participates in 3 of the 4 major projects.

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 15 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS, continued

North Bay Treatment Plant

The North Bay Treatment Plant was constructed through a joint exercise of powers agreement between the City of Fairfield and the City to operate and maintain facilities for supplying potable water to their respective service areas. A Joint Powers Policy Committee (JPPC) handles the organization and administration of the North Bay Treatment Plant. The JPPC is composed of the Director of Public Works from Fairfield and the Director of Public Works from the City or their designated alternates. The City's equity in the joint venture is shown as an investment in joint venture in the City's enterprise funds in the amount of \$17,763,052 which represents a 37.7% equity interest. Complete financial statements may be obtained through the City of Fairfield Finance Department.

Summarized unaudited financial information for the North Bay Treatment Plant as of June 30, 2007 is shown below.

NORTH BAY TREATMENT PLANT	
Current assets	\$ 5,891,836
Property, plant and equipment, net	<u>42,362,455</u>
Total assets	<u>\$ 48,254,291</u>
Current liabilities	<u>\$ 339,661</u>
Total liabilities	<u>339,661</u>
Invested in Capital Assets, net of related debt	31,656,266
Unrestricted	<u>16,258,364</u>
Total Net Assets	<u>\$ 47,914,630</u>
Total operating revenues	\$ 5,858,763
Total operating expenses	<u>6,484,574</u>
Operating loss	(625,811)
Total non-operating revenues	<u>811,409</u>
Income before Contributions and Transfers	<u>185,598</u>
Capital contributions	1,004,030
Transfers out	<u>(69,952)</u>
Total Contributions and Transfer	<u>934,078</u>
Increase in Net Assets	<u>\$ 1,119,676</u>
Net Assets	
Beginning of Year	<u>46,794,954</u>
End of Year	<u>\$ 47,914,630</u>

CITY OF VACAVILLE
Notes to the Basic Financial Statements
For the year ended June 30, 2007

NOTE 15 - JOINTLY GOVERNED AND RELATED ORGANIZATIONS, continued

Vacaville-Dixon Greenbelt Authority

In order to provide a distinct separation between the urban areas of Vacaville and Dixon, it was determined that a permanent greenbelt should be established. The Vacaville-Dixon Greenbelt Authority (VDGA) was created under a joint exercise of powers agreement between the two cities for the purpose of providing for the preservation and conservation of viable agricultural and open space land. The governing body consists of two members each from the City Councils of Vacaville and Dixon and one ex-officio member from the Solano County Board of Supervisors. The cities share equally in VDGA operations.

Solano Animal Control Authority

The Solano Animal Control Authority (SACA), a California Joint Powers Authority, provides animal control services to member cities in Solano County. The City, through its membership in SACA, receives animal control services including response for vicious, injured, dead, loose, unwanted and noisy animals. The City has no equity interest in SACA.

Solano Transportation Authority

The Solano Transportation Authority (STA), a California Joint Powers Authority, provides for coordinated, continuous and comprehensive transportation planning for Solano County and the cities within its boundaries. STA members refine and update the County transportation plan, coordinate planning and implementation of improvements and operate or contract for transit and paratransit services. The City has no equity interest in STA.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
For the year ended June 30, 2007

Budgetary Data

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

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

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

Increases to appropriations totaling \$2,264,886 for the City and Redevelopment operating budget were made by the City Council/Redevelopment Agency action during the year. Additionally, the City operating budget had appropriations totalling \$658,687 that were carried forward from the prior fiscal year. Appropriations were also increased due to grant carryovers of \$1,115,481.

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 City honors contracts represented by year-end encumbrances and the appropriations carried over provide authority to complete these transactions in the following year.

CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007

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

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Taxes and fees	\$ 47,988,197	\$ 47,988,197	\$ 48,715,631	\$ 727,434
Licenses and permits	221,079	221,079	260,817	39,738
Investment income	1,867,800	1,867,800	2,865,231	997,431
Intergovernmental	822,021	832,373	1,593,531	761,158
Charges for services	8,438,938	8,438,938	8,090,205	(348,733)
Fines, forfeits and penalties	92,400	92,400	139,331	46,931
Other	226,000	226,000	86,887	(139,113)
	59,656,435	59,666,787	61,751,633	2,084,846
Expenditures:				
Current:				
General government	5,716,526	8,204,098	7,725,886	478,212
Public safety	39,911,511	39,457,806	40,468,371	(1,010,565)
Public works	5,426,523	4,936,976	4,752,035	184,941
Community services	9,060,203	9,060,203	8,641,382	418,821
Housing	-	-	13,266	(13,266)
Debt service:				
Principal	162,445	420,772	422,791	(2,019)
Interest and fiscal charges	26,733	73,483	74,185	(702)
	60,303,941	62,153,338	62,097,916	55,422
Excess (deficiency) of revenues over (under) expenditures	(647,506)	(2,486,551)	(346,283)	2,140,268
Other financing sources (uses):				
Transfers in	1,095,679	1,568,894	1,536,955	(31,939)
Transfers out	(1,612,030)	(2,226,713)	(2,234,563)	(7,850)
Sale of capital assets	-	-	15,373	15,373
Proceeds debt and loans	-	50,000	50,000	-
	(516,351)	(607,819)	(632,235)	(24,416)
Net change in total fund balance	\$ (1,163,857)	\$ (3,094,370)	(978,518)	\$ 2,115,852
Fund balances, beginning of year			15,037,770	
Fund balances, end of year			\$ 14,059,252	

CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL --
SPECIAL REVENUE FUND-COMMUNITY DEVELOPMENT

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 3,009	\$ 3,009
Intergovernmental	674,426	674,426	515,832	(158,594)
Other	-	-	390	390
Total revenues	674,426	674,426	519,231	(155,195)
Expenditures:				
Current:				
Community services	648,677	781,069	505,018	276,051
Total expenditures	648,677	781,069	505,018	276,051
Excess (deficiency) of revenues over (under) expenditures	25,749	(106,643)	14,213	120,856
Other financing sources (uses):				
Operating transfers in	-	3,459	3,459	-
Operating transfers out	-	(1,220,000)	(1,220,000)	-
Total other financing sources (uses)	-	(1,216,541)	(1,216,541)	-
Net change in total fund balance	\$ 25,749	\$ (1,323,184)	(1,202,328)	\$ 120,856
Fund balances, beginning of year			1,284,659	
Fund balances, end of year			\$ 82,331	

CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007

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

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Revenues:				
Taxes and fees	\$ 5,282,800	\$ 5,282,800	\$ 5,748,579	\$ 465,779
Investment income	33,136	33,136	695,307	662,171
Other	11,637	11,637	139,610	127,973
Total revenues	5,327,573	5,327,573	6,583,496	1,255,923
Expenditures:				
Current:				
Housing	2,643,819	1,993,819	1,114,582	879,237
Capital outlay	-	-	3,836	(3,836)
Total expenditures	2,643,819	1,993,819	1,118,418	875,401
Excess (deficiency) of revenues over (under) expenditures	2,683,754	3,333,754	5,465,078	2,131,324
Other financing sources (uses):				
Transfers in	-	1,220,000	1,220,000	-
Transfers out	(123,374)	(4,597,259)	(4,597,259)	-
Issuance of debt and loans	-	400,000	400,000	-
Total other financing sources (uses)	(123,374)	(2,977,259)	(2,977,259)	-
Net change in total fund balance	\$ 2,560,380	\$ 356,495	2,487,819	\$ 2,131,324
Fund balances, beginning of year			28,891,722	
Fund balances, end of year			\$ 31,379,541	

CITY OF VACAVILLE
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2007

SCHEDULE OF FUNDING PROGRESS- PERS

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Status	Annual Covered Payroll	Excess Assets as a Percentage of Covered Payroll
Miscellaneous						
6/30/2003	\$ 85,867,517	\$ 71,584,596	\$ 14,282,921	83.4%	\$ 21,713,363	65.779%
6/30/2004	94,092,723	76,387,647	17,705,076	81.2%	23,187,035	76.358%
6/30/2005	103,164,841	83,349,309	19,815,532	80.8%	23,283,722	85.100%
Safety						
6/30/2003	77,650,018	68,159,730	9,490,288	87.8%	14,958,409	63.445%
6/30/2004	86,229,863	73,590,326	12,639,537	85.3%	15,802,920	79.982%
6/30/2005	101,390,368	80,896,597	20,493,771	79.8%	16,481,093	124.300%

SCHEDULE OF FUNDING PROGRESS- PARS

Valuation Date	Actuarial Liability	Value of Assets	Unfunded Liability (UAL)	Funded Ratio	Valuation Payroll	UAL as % of Payroll
Miscellaneous						
7/1/2001	\$ 7,959,932	-	\$ 7,959,932	0.00%	\$ 19,608,378	40.59%
7/1/2004	12,985,251	3,360,055	9,625,196	25.88%	22,335,408	43.09%



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OTHER GOVERNMENTAL FUNDS

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

SPECIAL REVENUE FUNDS:

BUILDING & STREET DEVELOPMENT

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

HOUSING ASSISTANCE

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

MAINTENANCE DISTRICTS

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

COMMUNITY FACILITIES

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

SPECIAL PROGRAMS

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

DEBT SERVICE FUNDS:

MEASURE I

To account for interest earnings, reserves, and payment of debt service for the bonds issued to fund the Cultural Center.

CAPITAL PROJECTS FUNDS:

ASSESSMENT AND IMPROVEMENT DISTRICTS

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

CITY OF VACAVILLE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2007

	SPECIAL REVENUE					DEBT	CAPITAL	TOTAL OTHER & IMPROVEMENT DISTRICTS	TOTAL OTHER GOVERNMENTAL FUNDS
	BUILDING & STREET DEVELOPMENT	HOUSING ASSISTANCE	MAINTENANCE DISTRICTS	COMMUNITY FACILITIES	SPECIAL PROGRAMS	SERVICE MEASURE I	PROJECTS		
Assets									
Cash and investments	\$ 6,225,303	\$ 2,464,534	\$ 2,210,165	\$ -	\$ 112,380	\$ -	\$ 42,605	\$ 11,054,987	
Receivables:									
Interest	-	-	-	-	-	9,569	-	9,569	
Taxes	70,144	-	-	-	-	-	-	70,144	
Accounts	236,883	51,831	83,330	-	204,040	-	-	576,084	
Prepaid Items	361	852,053	-	-	2,250	-	-	854,664	
Restricted cash and investments	-	-	-	-	-	1,236,896	1,976,911	3,213,807	
Total assets	\$ 6,532,691	\$ 3,368,418	\$ 2,293,495	\$ -	\$ 318,670	\$ 1,246,465	\$ 2,019,516	\$ 15,779,255	
Liabilities and Fund Balances									
Liabilities:									
Accounts and contract payable	\$ 57,371	\$ 4,831	\$ 23,986	\$ -	\$ 74,461	\$ -	\$ 60,028	\$ 220,677	
Accrued payroll	132,349	47,900	42,616	-	20,721	-	74	243,660	
Deposits payable	3,453,150	331,560	913,053	-	52,081	-	-	4,749,844	
Due to other funds	-	-	-	7,482	-	-	-	7,482	
Deferred revenue	1,244,663	178,043	-	-	51,986	-	-	1,474,692	
Total liabilities	4,887,533	562,334	979,655	7,482	199,249	-	60,102	6,696,355	
Fund balances:									
Reserved for encumbrances	48,438	-	58,181	-	53,327	-	2,661	162,607	
Reserved for prepaid items	361	852,053	-	-	2,250	-	-	854,664	
Reserved for debt service	-	-	-	-	-	1,236,896	-	1,236,896	
Reserved for capital projects	-	-	-	-	-	-	1,956,753	1,956,753	
Unreserved:									
Undesignated	1,596,359	1,954,031	1,255,659	(7,482)	63,844	9,569	-	4,871,980	
Total fund balances	1,645,158	2,806,084	1,313,840	(7,482)	119,421	1,246,465	1,959,414	9,082,900	
Total liabilities and fund balances	\$ 6,532,691	\$ 3,368,418	\$ 2,293,495	\$ -	\$ 318,670	\$ 1,246,465	\$ 2,019,516	\$ 15,779,255	

CITY OF VACAILLVE
OTHER GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE					DEBT SERVICE	CAPITAL PROJECTS	TOTAL OTHER GOVERNMENTAL FUNDS
	BUILDING & STREET DEVELOPMENT	HOUSING ASSISTANCE	MAINTENANCE DISTRICTS	COMMUNITY FACILITIES	SPECIAL PROGRAMS	MEASURE I	ASSESSMENT & IMPROVEMENT DISTRICTS	
Revenues:								
Taxes and fees	\$ -	\$ -	\$ 2,086,093	\$ 402,441	\$ -	\$ -	\$ -	\$ 2,488,534
Licenses and permits	2,235,293	-	-	-	-	-	-	2,235,293
Investment income	247,267	46,435	-	-	9,150	77,759	80,391	461,002
Intergovernmental	791,839	12,602,614	-	-	1,024,504	-	-	14,418,957
Charges for services	1,689,107	23,114	-	-	104,290	-	-	1,816,511
Fines, forfeits and penalties	352,018	-	-	-	-	-	-	352,018
Other	5,944	230,002	-	10,000	-	-	101,023	346,969
Total revenues	5,321,468	12,902,165	2,086,093	412,441	1,137,944	77,759	181,414	22,119,284
Expenditures:								
Current:								
General government	4,062,652	-	-	-	-	-	-	4,062,652
Public safety	-	-	-	1,489	1,187,155	-	-	1,188,644
Public works	2,148,806	-	-	-	31,246	-	-	2,180,052
Community services	-	33,200	2,291,495	31,765	2,788	-	-	2,359,248
Housing	-	11,889,767	-	-	-	-	-	11,889,767
Capital Outlay	-	-	-	-	-	-	651,611	651,611
Debt service:								
Principal	-	190,000	-	-	-	810,000	-	1,000,000
Interest and fiscal charges	-	2,850	-	-	-	379,898	-	382,748
Total expenditures	6,211,458	12,115,817	2,291,495	33,254	1,221,189	1,189,898	651,611	23,714,722
Excess (deficiency) of revenues over (under) expenditures	(889,990)	786,348	(205,402)	379,187	(83,245)	(1,112,139)	(470,197)	(1,595,438)
Other financing sources (uses):								
Transfers in	451,612	53,869	448,683	-	-	1,111,198	659,428	2,724,790
Transfers out	(372,058)	-	(98)	(372,742)	(61,670)	-	-	(806,568)
Total other financing sources (uses)	79,554	53,869	448,585	(372,742)	(61,670)	1,111,198	659,428	1,918,222
Net change in total fund balance	(810,436)	840,217	243,183	6,445	(144,915)	(941)	189,231	322,784
Fund balances, beginning of year	2,455,594	1,965,867	1,070,657	(13,927)	264,336	1,247,406	1,770,183	8,760,116
Fund balances, end of year	<u>\$ 1,645,158</u>	<u>\$ 2,806,084</u>	<u>\$ 1,313,840</u>	<u>\$ (7,482)</u>	<u>\$ 119,421</u>	<u>\$ 1,246,465</u>	<u>\$ 1,959,414</u>	<u>\$ 9,082,900</u>

CITY OF VACAVILLE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL -- ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	BUILDING & STREET DEVELOPMENT			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
Revenues:				
Licenses and permits	\$ 991,411	\$ 991,411	\$ 2,235,293	\$ 1,243,882
Investment income	50,000	50,000	247,267	197,267
Intergovernmental	845,055	845,055	791,839	(53,216)
Charges for services	1,872,522	1,872,522	1,689,107	(183,415)
Fines, forfeits and penalties	-	-	352,018	352,018
Other	-	-	5,944	5,944
Total revenues	3,758,988	3,758,988	5,321,468	1,562,480
Expenditures:				
Current:				
General government	4,915,472	4,915,472	4,062,652	852,820
Public works	858,847	858,847	2,148,806	(1,289,959)
Total expenditures	5,774,319	5,774,319	6,211,458	(437,139)
Excess (deficiency) of revenues over (under) expenditures	(2,015,331)	(2,015,331)	(889,990)	1,999,619
Other financing sources (uses):				
Transfers in	451,612	451,612	451,612	-
Transfers out	(404,036)	(404,036)	(372,058)	31,978
Total other financing sources (uses)	47,576	47,576	79,554	31,978
Net change in total fund balance	\$ (1,967,755)	\$ (1,967,755)	(810,436)	\$ 2,031,597
Fund balance, beginning of year			2,455,594	
Fund balance, end of year			\$ 1,645,158	

CITY OF VACAVILLE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL--ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	HOUSING ASSISTANCE			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
Revenues:				
Investment income	\$ -	\$ -	\$ 46,435	\$ 46,435
Intergovernmental	13,220,152	13,220,152	12,602,614	(617,538)
Charges for services	-	-	23,114	23,114
Other	-	-	230,002	230,002
Total revenues	<u>13,220,152</u>	<u>13,220,152</u>	<u>12,902,165</u>	<u>(317,987)</u>
Expenditures:				
Current:				
Community services	33,360	33,360	33,200	160
Housing	13,186,793	12,993,943	11,889,767	1,104,176
Debt service:				
Principal	-	190,000	190,000	-
Interest and fiscal charges	-	2,850	2,850	-
Total expenditures	<u>13,220,153</u>	<u>13,220,153</u>	<u>12,115,817</u>	<u>1,104,336</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1)</u>	<u>(1)</u>	<u>786,348</u>	<u>(1,422,323)</u>
Other financing sources (uses):				
Transfers in	-	53,869	53,869	-
Total other financing sources (uses)	<u>-</u>	<u>53,869</u>	<u>53,869</u>	<u>-</u>
Net change in total fund balance	<u>\$ (1)</u>	<u>\$ 53,868</u>	<u>840,217</u>	<u>\$ (1,422,323)</u>
Fund balance, beginning of year			<u>1,965,867</u>	
Fund balance, end of year			<u>\$ 2,806,084</u>	

CITY OF VACAVILLE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL--ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	MAINTENANCE DISTRICTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
Revenues:				
Taxes and fees	\$ 2,070,909	\$ 2,070,909	\$ 2,086,093	\$ 15,184
Total revenues	\$ 2,070,909	\$ 2,070,909	\$ 2,086,093	\$ 15,184
Expenditures:				
Current:				
Community services	2,613,403	2,638,516	2,291,495	347,021
Total expenditures	2,613,403	2,638,516	2,291,495	347,021
Excess (deficiency) of revenues over (under) expenditures	(542,494)	(567,607)	(205,402)	(331,837)
Other financing sources (uses):				
Transfers in	448,683	448,683	448,683	-
Transfers out	-	(98)	(98)	-
Total other financing sources (uses)	448,683	448,585	448,585	-
Net change in total fund balance	\$ (93,811)	\$ (119,022)	243,183	\$ (331,837)
Fund balance, beginning of year			1,070,657	
Fund balance, end of year			\$ 1,313,840	

CITY OF VACAVILLE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL--ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	COMMUNITY FACILITIES			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
Revenues:				
Taxes and fees	\$ 372,742	\$ 372,742	\$ 402,441	\$ 29,699
Other	-	-	10,000	\$ 10,000
Total revenues	<u>\$ 372,742</u>	<u>\$ 372,742</u>	<u>\$ 412,441</u>	<u>\$ 39,699</u>
Expenditures:				
Current:				
Public safety	-	-	1,489	(1,489)
Community services	-	-	31,765	(31,765)
Total expenditures	<u>-</u>	<u>-</u>	<u>33,254</u>	<u>(33,254)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>372,742</u>	<u>372,742</u>	<u>379,187</u>	<u>72,953</u>
Other financing sources (uses):				
Transfers out	(372,742)	(372,742)	(372,742)	-
Total other financing sources (uses)	<u>(372,742)</u>	<u>(372,742)</u>	<u>(372,742)</u>	<u>-</u>
Net change in total fund balance	<u>\$ -</u>	<u>\$ -</u>	6,445	<u>\$ 72,953</u>
Fund balance, beginning of year			(13,927)	
Fund balance, end of year			<u>\$ (7,482)</u>	

CITY OF VACAVILLE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL--ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	SPECIAL PROGRAMS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	BUDGETED AMOUNTS		ACTUAL	
	ORIGINAL	FINAL		
Revenues:				
Investment income	\$ -	\$ -	\$ 9,150	\$ 9,150
Intergovernmental	-	978,256	1,024,504	46,248
Charges for services	-	-	104,290	104,290
Total revenues	-	978,256	1,137,944	159,688
Expenditures:				
Current:				
Public safety	-	1,115,481	1,187,155	(71,674)
Public works	-	36,954	31,246	5,708
Community services	-	-	2,788	(2,788)
Total expenditures	-	1,152,435	1,221,189	(68,754)
Excess (deficiency) of revenues over (under) expenditures	-	(174,179)	(83,245)	228,442
Other financing sources (uses):				
Transfers out	60,000	(61,670)	(61,670)	-
Total other financing sources (uses)	60,000	(61,670)	(61,670)	-
Net change in total fund balance	\$ 60,000	\$ (235,849)	(144,915)	\$ 228,442
Fund balance, beginning of year			264,336	
Fund balance, end of year			\$ 119,421	

INTERNAL SERVICE FUNDS

Internal Service Funds are used to finance and account for goods and special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis.

The concept of major funds introduced by GASB Statement 34 does not extend to internal service funds because they do not do business with outside parties. GASB Statement 34 requires that for the Statement of Activities, the net revenues or expenses of each internal service fund be eliminated by netting them against the operations of the other City departments which generated them. The remaining balance sheet items are consolidated with these same funds in the Statement of Net Assets.

However, internal service funds are presented separately in the Fund financial statements, including the funds below.

CENTRAL SERVICES

To account for all the centralized purchases which are in turn charged back to the operating department upon usage. The activity includes Central Stores, Fuel Station and Garage.

VEHICLE REPLACEMENT

To account for the acquisition of replacement equipment. Charges are levied to departments on a straight line replacement basis in order to ensure funds are available when the equipment becomes obsolete.

TECHNOLOGY REPLACEMENT

To account for the acquisition of technology equipment. Charges are levied to departments on a straight line replacement basis in order to ensure funds are available when the equipment becomes obsolete.

INSURANCE

To account for premium costs and self-insured claim losses for the following risks: property-related, workers' compensation, unemployment, vehicle-related, and general liability.

EMPLOYEE BENEFITS

To account for sick and vacation leave payoffs related to employee retirements, and retiree health insurance premiums.

CITY OF VACAVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET ASSETS
JUNE 30, 2007

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
Assets						
Current assets:						
Cash and investments	\$ 103,602	\$ 2,430,975	\$ 300,944	\$ 5,796,056	\$ 1,552,941	\$ 10,184,518
Receivables:						
Accounts	52,460	-	-	290,458	-	342,918
Inventories - supplies	216,176	-	-	-	-	216,176
Prepaid items	125	-	-	-	-	125
Total Current Assets	<u>372,363</u>	<u>2,430,975</u>	<u>300,944</u>	<u>6,086,514</u>	<u>1,552,941</u>	<u>10,743,737</u>
Non-current assets:						
Deposits	-	-	-	50,000	-	50,000
Capital assets - net of accumulated depreciation	99,563	1,030,356	138,787	-	-	1,268,706
Total Noncurrent Assets	<u>99,563</u>	<u>1,030,356</u>	<u>138,787</u>	<u>50,000</u>	<u>-</u>	<u>1,318,706</u>
Total assets	<u>471,926</u>	<u>3,461,331</u>	<u>439,731</u>	<u>6,136,514</u>	<u>1,552,941</u>	<u>12,062,443</u>
Liabilities						
Current liabilities:						
Accounts and contract payable	201,951	-	42,846	111,866	-	356,663
Accrued payroll	69,535	-	-	15,341	1,193	86,069
Employee benefits payable	-	-	-	-	1,244,458	1,244,458
Compensated absences	-	-	-	-	307,290	307,290
Claims payable - due within one year	-	-	-	1,797,316	-	1,797,316
Total Current Liabilities	<u>271,486</u>	<u>-</u>	<u>42,846</u>	<u>1,924,523</u>	<u>1,552,941</u>	<u>3,791,796</u>
Non-current liabilities:						
Deposits payable	-	-	-	20,000	-	20,000
Claims payable - due in more than a year	-	-	-	3,247,684	-	3,247,684
Total liabilities	<u>271,486</u>	<u>-</u>	<u>42,846</u>	<u>5,192,207</u>	<u>1,552,941</u>	<u>7,059,480</u>
Net Assets						
Invested in capital assets, net of related debt	99,563	1,030,356	138,787	-	-	1,268,706
Unrestricted	100,877	2,430,975	258,098	944,307	-	3,734,257
Total net assets	<u>\$ 200,440</u>	<u>\$ 3,461,331</u>	<u>\$ 396,885</u>	<u>\$ 944,307</u>	<u>\$ -</u>	<u>\$ 5,002,963</u>

CITY OF VACAVILLE
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
Operating revenues:						
Internal service charges	\$ 3,429,645	\$ 312,951	\$ 730,518	\$ 3,781,333	\$ 2,983,682	\$ 11,238,129
Operating expenses:						
Internal service expenses	3,465,984	-	680,856	2,839,451	2,983,682	9,969,973
Depreciation	3,377	341,303	16,119	-	-	360,799
Total operating expenses	3,469,361	341,303	696,975	2,839,451	2,983,682	10,330,772
Operating income (loss)	(39,716)	(28,352)	33,543	941,882	-	907,357
Non-operating revenues (expenses):						
Interest expense	(23,324)	-	-	-	-	(23,324)
Other	237	-	-	-	-	237
Total non-operating revenues (expenses)	(23,087)	-	-	-	-	(23,087)
Income (loss) before operating transfers	(62,803)	(28,352)	33,543	941,882	-	884,270
Transfers:						
Transfers in	80,000	-	-	-	-	80,000
Transfers out	(21,140)	-	-	-	-	(21,140)
Total transfers	58,860	-	-	-	-	58,860
Net income (loss)	(3,943)	(28,352)	33,543	941,882	-	943,130
Net assets, beginning of year	204,383	3,489,683	363,342	2,425	-	4,059,833
Net assets, end of year	<u>\$ 200,440</u>	<u>\$ 3,461,331</u>	<u>\$ 396,885</u>	<u>\$ 944,307</u>	<u>\$ -</u>	<u>\$ 5,002,963</u>

CITY OF VACAVILLE
INTERNAL SERVICE FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

	CENTRAL SERVICES	VEHICLE REPLACEMENT	TECHNOLOGY REPLACEMENT	INSURANCE	EMPLOYEE BENEFITS	TOTAL
Cash flows from operating activities:						
Receipts from customers and users	\$3,431,550	\$ 312,951	\$ 730,518	\$3,621,972	\$ 2,983,682	\$ 11,080,673
Payments to suppliers	(2,287,378)	-	(638,010)	(1,753,940)	(2,983,682)	(7,663,010)
Payments to employees	(893,141)	-	-	(1,037,897)	443,034	(1,488,004)
Claims paid	-	-	-	(265,000)	-	(265,000)
Net cash provided by (used for) operating activities	251,031	312,951	92,508	565,135	443,034	1,664,659
Cash flows from noncapital financing activities:						
Due to/(from) other funds	(183,202)	-	-	-	-	(183,202)
Transfers in	80,000	-	-	-	-	80,000
Transfers out	(21,140)	-	-	-	-	(21,140)
Taxes and other received	237	-	-	-	-	237
Net cash provided by (used for) noncapital financing activities	(124,105)	-	-	-	-	(124,105)
Cash flows from capital and related financing activities:						
Acquisition of capital assets	-	(163,451)	(149,767)	-	-	(313,218)
Interest paid	(23,324)	-	-	-	-	(23,324)
Net cash provided by (used for) capital and related financing activities	(23,324)	(163,451)	(149,767)	-	-	(336,542)
Net increase in cash and cash equivalents	103,602	149,500	(57,259)	565,135	443,034	1,204,012
Cash and cash equivalents, beginning of year	-	2,281,475	358,203	5,230,921	1,109,907	8,980,506
Cash and cash equivalents, end of year	\$ 103,602	\$ 2,430,975	\$ 300,944	\$ 5,796,056	\$ 1,552,941	\$ 10,184,518
Reconciliation of Operating Income to Net Cash Provided by (Used for) by Operating Activities:						
Operating income (loss)	\$ (39,716)	\$ (28,352)	\$ 33,543	\$ 941,882	\$ -	\$ 907,357
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation	3,377	341,303	16,119	-	-	360,799
Changes in assets and liabilities:						
(Increase) decrease in receivables	1,905	-	-	(159,361)	-	(157,456)
Decrease in inventories-supplies	200,309	-	-	-	-	200,309
Increase in prepaid items	(125)	-	-	-	-	(125)
Increase in accounts and contracts payable	74,781	-	42,846	42,653	-	160,280
Increase in accrued payroll	10,500	-	-	4,961	1,193	16,654
Increase in employee benefits payable	-	-	-	-	398,796	398,796
Increase in compensated absences	-	-	-	-	43,045	43,045
Decrease in claims payable	-	-	-	(265,000)	-	(265,000)
Total adjustments	290,747	341,303	58,965	(376,747)	443,034	757,302
Net cash provided by (used for) operating activities	\$ 251,031	\$ 312,951	\$ 92,508	\$ 565,135	\$ 443,034	\$ 1,664,659

FIDUCIARY FUND FINANCIAL STATEMENTS

PAYROLL TRUST

To account for cash transferred from the various funds from which actual cash is remitted to the employees and various agencies.

OTHER DEPOSITS

To account for deposits received from outside parties. Some of the large items include amounts on deposit from Solano Transportation Authority, refunding of permit monies and restitution for crimes committed and amounts held for Solano County Housing Authority.

SPECIAL ASSESSMENTS

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

CITY OF VACAVILLE
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2007

	AGENCY FUNDS			
	PAYROLL TRUST	OTHER DEPOSITS	SPECIAL ASSESSMENTS	TOTAL AGENCY
Assets				
Cash and investments	\$ 1,462,947	\$ 5,120,770	\$ 11,656,879	\$ 18,240,596
Receivables:				
Accounts	5,914	-	-	5,914
Total Assets	\$ 1,468,861	\$ 5,120,770	\$ 11,656,879	\$ 18,246,510
Liabilities				
Liabilities:				
Accrued payroll	\$ 355	\$ -	\$ -	\$ 355
Employee benefits payable	1,435,480	-	-	1,435,480
Deposits payable	33,026	5,120,770	-	5,153,796
Due to bondholders	-	-	11,656,879	11,656,879
Total Liabilities	\$ 1,468,861	\$ 5,120,770	\$ 11,656,879	\$ 18,246,510

CITY OF VACAVILLE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	BALANCES JULY 1, 2006	ADDITIONS	REDUCTIONS	BALANCES JUNE 30, 2007
PAYROLL TRUST				
Assets				
Cash and investments	\$ 738,147	\$ 77,609,905	\$ 76,885,105	\$ 1,462,947
Receivables:				
Accounts	608,779	68,935	671,800	5,914
Total Assets	\$ 1,346,926	\$ 77,678,840	\$ 77,556,905	\$ 1,468,861
Liabilities				
Accounts and contract payable	\$ -	\$ 12,052,914	\$ 12,052,914	\$ -
Accrued payroll	1,405	36,731,128	36,732,178	355
Employee benefits payable	1,330,298	36,810,982	36,705,800	1,435,480
Deposits payable	15,223	54,662	36,859	33,026
Total Liabilities	\$ 1,346,926	\$ 85,649,686	\$ 85,527,751	\$ 1,468,861
OTHER DEPOSITS				
Assets				
Cash and investments	\$ 5,538,004	\$ 4,476,568	\$ 4,893,802	\$ 5,120,770
Receivables:				
Accounts	6,000	6,000	12,000	-
Total Assets	\$ 5,544,004	\$ 4,482,568	\$ 4,905,802	\$ 5,120,770
Liabilities				
Accounts and contract payable	\$ 14,194	\$ 3,082,705	\$ 3,096,899	\$ -
Deposits payable	5,529,810	4,597,476	5,006,516	5,120,770
Total Liabilities	\$ 5,544,004	\$ 7,680,181	\$ 8,103,415	\$ 5,120,770

CITY OF VACAVILLE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	BALANCES JULY 1, 2006	ADDITIONS	REDUCTIONS	BALANCES JUNE 30, 2007
SPECIAL ASSESSMENTS				
Assets				
Cash and investments	\$ 11,634,979	\$ 8,329,752	\$ 8,307,852	\$ 11,656,879
Liabilities				
Due to bondholders	\$ 11,634,979	\$ 8,329,752	\$ 8,307,852	\$ 11,656,879
TOTAL AGENCY FUNDS				
Assets				
Cash and investments	\$ 17,911,130	\$ 90,416,225	\$ 90,086,759	\$ 18,240,596
Receivables:				
Accounts	614,779	74,935	683,800	5,914
Total Assets	\$ 18,525,909	\$ 90,491,160	\$ 90,770,559	\$ 18,246,510
Liabilities				
Accounts and contract payable	\$ 14,194	\$ 15,135,619	\$ 15,149,813	\$ -
Accrued payroll	1,405	36,731,128	36,732,178	355
Employee benefits payable	1,330,298	36,810,982	36,705,800	1,435,480
Deposits payable	5,545,033	4,652,138	5,043,375	5,153,796
Due to bondholders	11,634,979	8,329,752	8,307,852	11,656,879
Total Liabilities	\$ 18,525,909	\$ 101,659,619	\$ 101,939,018	\$ 18,246,510

Schedule 1

CITY OF VACAVILLE
Net Assets by Component,
Last Five Fiscal Years
 (accrual basis of accounting)
 (expressed in thousands of dollars)

	Fiscal Year				
	2007	2006	2005	2004	2003
Governmental activities					
Invested in capital assets, net of related debt	\$ 375,201	\$ 362,498	\$ 340,941	\$ 310,054	\$ 306,087
Restricted	36,382	33,683	43,971	55,790	42,619
Unrestricted	83,305	74,486	65,885	62,397	52,301
Total governmental activities net assets	<u>494,888</u>	<u>470,666</u>	<u>450,798</u>	<u>428,240</u>	<u>401,006</u>
Business-type activities					
Invested in capital assets, net of related debt	180,813	159,094	146,253	150,320	142,676
Unrestricted	88,653	94,960	100,600	95,617	77,227
Total business-type activities net assets	<u>269,466</u>	<u>254,053</u>	<u>246,853</u>	<u>245,937</u>	<u>219,903</u>
Primary government					
Invested in capital assets, net of related debt	556,014	521,591	487,194	460,374	448,763
Restricted	36,382	33,683	43,971	55,790	42,619
Unrestricted	171,958	169,446	166,485	158,014	129,528
Total primary government net assets	<u>\$ 764,354</u>	<u>\$ 724,720</u>	<u>\$ 697,650</u>	<u>\$ 674,177</u>	<u>\$ 620,909</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Schedule 2

CITY OF VACAVILLE
Changes in Net Assets, Primary Government
Last Five Fiscal Years
 (accrual basis of accounting)
 (expressed in thousands of dollars)

	Fiscal Year				
	2007	2006	2005	2004	2003
Expenses					
Governmental activities	\$ 123,762	\$ 106,922	\$ 97,954	\$ 96,879	\$ 87,847
Business-type	37,360	34,338	28,151	26,528	23,458
Total primary government expenses	<u>161,122</u>	<u>141,261</u>	<u>126,104</u>	<u>123,408</u>	<u>111,306</u>
Program Revenues					
Governmental activities	52,432	46,169	36,647	35,877	42,126
Business-type	43,792	36,621	32,362	44,351	31,062
Total primary government program revenues	<u>96,224</u>	<u>82,790</u>	<u>69,009</u>	<u>80,229</u>	<u>73,188</u>
Net (Expense)/Revenue					
Governmental activities	(71,330)	(60,753)	(61,307)	(61,002)	(45,721)
Business-type	6,432	2,282	4,211	17,823	7,604
Total primary government net expense	<u>(64,898)</u>	<u>(58,471)</u>	<u>(57,096)</u>	<u>(43,179)</u>	<u>(38,118)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities	95,189	80,620	84,847	68,072	62,058
Business-type	9,344	4,918	88	(1,285)	3,106
Total primary government	<u>104,533</u>	<u>85,539</u>	<u>84,935</u>	<u>66,787</u>	<u>65,163</u>
Changes in Net Assets					
Governmental activities	23,859	19,867	23,540	7,070	16,336
Business-type	15,776	7,201	4,299	16,538	10,709
Total primary government	<u>\$ 39,635</u>	<u>\$ 27,068</u>	<u>\$ 27,840</u>	<u>\$ 23,608</u>	<u>\$ 27,046</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Schedule 2a

CITY OF VACAVILLE
Changes in Net Assets, Governmental Activities
Last Five Fiscal Years
 (accrual basis of accounting)
 (expressed in thousands of dollars)

	Fiscal Year				
	2007	2006	2005	2004	2003
Expenses					
General Government	\$ 12,627	\$ 11,034	\$ 7,878	\$ 9,488	\$ 7,870
Public Safety	40,606	36,498	34,717	32,370	29,072
Public Works	22,432	18,313	14,585	16,810	11,372
Community Services	12,128	11,964	11,368	11,605	11,017
Housing	13,013	15,348	11,290	11,600	11,528
Redevelopment	17,753	8,684	13,666	10,718	11,086
Interest on long-term debt	5,203	5,082	4,451	4,290	5,903
Total governmental activities expenses	<u>123,762</u>	<u>106,922</u>	<u>97,954</u>	<u>96,879</u>	<u>87,847</u>
Program Revenues					
Charges for services:					
General Government	5,147	4,215	3,892	3,197	13,436
Public Safety	4,280	4,014	3,552	2,945	2,499
Public Works	545	2,531	441	693	911
Community Services	5,494	5,330	5,265	5,074	4,986
Housing	479	761	58	57	44
Redevelopment	159	245	380	217	346
Operating grants and contributions	14,651	16,011	14,161	13,227	12,183
Capital grants and contributions	21,677	13,063	8,897	10,469	7,720
Total governmental activities program revenues	<u>52,432</u>	<u>46,169</u>	<u>36,647</u>	<u>35,877</u>	<u>42,126</u>
Net (Expense)/Revenue	<u>(71,330)</u>	<u>(60,753)</u>	<u>(61,307)</u>	<u>(61,002)</u>	<u>(45,721)</u>
General Revenues and Other Changes in Net Assets					
Taxes					
Property taxes	55,145	48,450	40,044	32,370	29,557
Sales taxes	16,474	16,116	14,357	13,432	12,325
Franchise taxes	2,643	2,004	-	-	-
Transient lodging tax	1,048	942	-	-	-
Business license tax	319	290	-	-	-
Excise tax	2,217	2,251	-	-	-
Gasoline tax	1,772	1,776	-	-	-
Other taxes	-	-	6,241	7,574	7,183
Vehicle license taxes	595	596	2,105	4,278	-
Fines, penalties and forfeitures	-	-	-	452	442
Intergovernmental	-	-	-	-	6,087
Payments in lieu of services	-	-	-	967	-
Investment income	6,279	4,320	4,768	2,755	4,130
Unrestricted capital contributions	6,863	3,785	9,283	378	-
Loss on sale of property	-	-	-	-	(1,199)
Miscellaneous	1,791	58	5,347	2,294	527
Transfers	43	31	2,703	3,572	3,005
Total governmental activities	<u>95,189</u>	<u>80,620</u>	<u>84,847</u>	<u>68,072</u>	<u>62,058</u>
Changes in Net Assets	<u>\$ 23,859</u>	<u>\$ 19,867</u>	<u>\$ 23,540</u>	<u>\$ 7,070</u>	<u>\$ 16,336</u>

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Schedule 2b

CITY OF VACAVILLE
Changes in Net Assets, Business-Type Activities
Last Five Fiscal Years
 (accrual basis of accounting)
 (expressed in thousands of dollars)

	Fiscal Year				
	2007	2006	2005	2004	2003
Expenses					
Sewer	\$ 19,800	\$ 18,230	\$ 13,831	\$ 12,683	\$ 11,266
Water	15,059	13,135	11,672	11,267	9,905
Transit	2,501	2,974	2,648	2,578	2,288
Total business-type activities expenses	37,360	34,338	28,151	26,528	23,458
Program Revenues					
Charges for services:					
Sewer	18,322	17,193	16,285	15,026	13,312
Water	11,463	10,109	10,106	10,009	9,087
Transit	356	363	374	343	323
Operating grants and contributions	1,810	2,090	1,947	1,568	1,600
Capital grants and contributions	11,840	6,866	3,650	17,406	6,739
Total business-type activities program revenues	43,791	36,621	32,362	44,351	31,062
Net (Expense)/Revenue	6,431	2,282	4,211	17,823	7,604
General Revenues and Other Changes in Net Assets					
Taxes					
Property taxes	89	87	86	92	83
Investment income	1,795	(195)	965	624	2,012
Unrestricted capital contributions	5,887	2,234	1,332	1,301	3,703
Miscellaneous	1,616	2,823	408	270	312
Transfers	(43)	(31)	(2,703)	(3,572)	(3,005)
Total business-type activities	9,344	4,918	88	(1,285)	3,106
Changes in Net Assets	\$ 15,775	\$ 7,201	\$ 4,299	\$ 16,538	\$ 10,709

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to the implementation of GASB 34 is not available.

Schedule 3

**CITY OF VACAVILLE
Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

(modified accrual basis of accounting)
(expressed in thousands of dollars)

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Fund										
Reserved	\$ 541	\$ 899	\$ 1,101	\$ 815	\$ 702	\$ 542	\$ 2,203	\$ 823	\$ 893	\$ 878
Unreserved	13,518	14,139	14,355	12,322	11,075	10,877	10,759	9,323	10,494	9,138
Total general fund	14,059	15,038	15,456	13,137	11,776	11,419	12,962	10,146	11,387	10,017
All Other Governmental Funds										
Reserved	71,750	67,158	88,567	80,957	76,397	73,975	47,959	51,071	40,254	57,757
Unreserved, reported in:										
Special revenue funds	17,108	16,977	2,079	3,055	2,477	1,736	2,242	2,557	2,380	1,105
Capital projects funds	12,674	1,343	2,918	16,193	23,646	15,042	17,749	6,464	8,057	7,020
Debt service funds	708	2,319	2,521	6,988	4,216	7,669	8,411	8,998	5,671	8,864
Total all other governmental funds	\$ 102,240	\$ 87,797	\$ 96,085	\$ 107,192	\$ 106,737	\$ 98,422	\$ 76,361	\$ 69,089	\$ 56,362	\$ 74,746

Schedule 4

CITY OF VACAVILLE
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

(modified accrual basis of accounting)
(expressed in thousands of dollars)

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues										
Taxes and fees	\$ 88,262	\$ 80,627	\$ 66,741	\$ 59,541	\$ 59,239	\$ 53,765	\$ 54,408	\$ 46,459	\$ 46,552	\$ 48,222
Licenses and permits	2,496	708	1,628	1,524	1,490	1,117	1,440	1,241	1,669	979
Investment income	7,058	5,104	5,433	3,246	4,692	4,916	6,713	4,235	3,919	5,941
Intergovernmental	30,958	23,487	22,337	23,700	27,147	21,648	17,340	16,408	12,434	13,877
Charges for services	9,906	12,566	9,041	9,290	8,897	7,500	7,447	6,506	5,640	4,885
Fines, penalties and forfeitures	491	460	503	452	442	425	429	497	387	207
Other	3,613	704	3,590	1,448	590	837	821	267	829	1,460
Total revenues	142,784	123,656	109,273	99,201	102,498	90,209	88,598	75,613	71,429	75,571
Expenditures										
General government	11,788	10,493	7,912	8,430	7,711	8,453	7,655	8,233	7,469	6,922
Public Safety	41,657	36,851	34,501	31,759	28,501	26,321	22,505	21,279	20,059	18,908
Public Works	7,076	6,224	6,040	5,080	4,679	4,451	4,510	3,547	3,881	3,212
Community Services	11,506	11,367	10,905	10,689	10,465	10,620	8,732	9,519	7,659	7,196
Housing	13,018	15,363	11,292	11,585	11,721	8,582	6,414	6,698	5,863	4,725
Redevelopment	17,531	18,042	13,354	10,270	9,209	3,932	3,198	5,170	5,086	2,283
Intergovernmental	-	-	-	-	300	272	300	273	259	255
Shared Revenues	-	-	-	-	300	5,656	5,368	4,555	4,271	3,826
Capital Outlay	35,607	38,123	35,542	18,673	21,615	17,606	24,309	19,105	17,488	13,684
Debt service										
Principal	4,932	2,816	2,622	2,448	1,708	1,430	1,667	2,169	2,080	5,155
Interest and fiscal charges	5,874	5,572	4,670	4,301	4,393	6,013	3,910	3,380	2,825	8,542
Advance funding escrow	-	-	-	-	-	-	-	-	-	2,351
Total expenditures	148,989	144,850	126,837	103,235	100,602	93,334	88,568	83,927	76,941	77,061
Excess (deficiency) of revenues over (under) expenditures	(6,205)	(21,194)	(17,564)	(4,034)	1,895	(3,125)	30	(8,314)	(5,512)	(1,490)
Other Financing Sources (uses)										
Transfers in	18,144	23,976	12,288	17,096	11,531	10,098	8,496	7,425	8,522	9,152
Transfers out	(18,161)	(25,275)	(9,734)	(13,604)	(8,729)	(10,513)	(8,534)	(7,606)	(8,558)	(9,164)
Sale of capital assets	361	8,497	-	269	249	3,555	1,385	1,695	731	2,282
Issuance of debt and loans	19,325	5,290	1,475	449	3,099	230	9,011	12,570	1,662	655
Unrestricted capital contributions	-	-	5,800	-	-	-	-	-	-	-
Proceeds of refunding bonds and certificates of participation	-	-	-	-	-	31,807	2,301	-	-	19,469
Payment to refund bond escrow agent	-	-	-	-	-	(12,693)	(2,602)	-	-	(18,170)
Total other financing sources (uses)	19,669	12,488	9,829	4,210	6,150	22,484	10,058	14,083	2,357	4,224
Net change in fund balances	\$ 13,464	\$ (8,706)	\$ (7,735)	\$ 176	\$ 8,045	\$ 19,359	\$ 10,088	\$ 5,769	\$ (3,155)	\$ 2,734
Debt services as a percentage of noncapital expenditures	4.5%	2.7%	2.9%	2.9%	2.2%	1.9%	2.6%	3.3%	3.5%	11.8%

Schedule 5

CITY OF VACAVILLE
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(expressed in thousands of dollars)

Fiscal Year Ended June 30,	City				Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	Secured	Unsecured	Less Exemptions	Taxable Assessed Value	
2007	9,011,573	259,110	(246,012)	9,024,671	2,514,697	167,430	(13,280)	2,668,847	0.410%
2006	7,862,985	241,095	(221,247)	7,882,833	2,360,718	149,711	(13,476)	2,496,952	0.462%
2005	7,086,380	219,210	(221,559)	7,084,031	2,230,342	149,188	(13,464)	2,366,066	0.425%
2004	6,462,026	206,005	(193,433)	6,474,598	2,041,732	137,780	(13,520)	2,165,993	0.376%
2003	5,991,020	193,142	(183,501)	6,000,661	1,925,870	130,812	(13,377)	2,043,305	0.368%
2002	5,395,925	143,025	(91,971)	5,446,979	1,830,265	115,299	(12,534)	1,933,030	-
2001	4,991,081	160,119	(92,031)	5,059,168	1,705,307	113,970	(12,206)	1,807,070	-
2000	4,457,237	156,279	(91,871)	4,521,645	1,465,911	103,916	(11,749)	1,558,079	-
1999	4,264,675	148,659	(92,642)	4,320,693	1,442,142	100,728	(11,449)	1,531,420	-
1998	3,992,257	144,748	(92,625)	4,044,381	1,238,908	97,815	(11,218)	1,325,504	-

The City of Vacaville implemented GASB 34 for the fiscal year ended June 30, 2003. Information to complete the total direct tax rate calculation prior to the implementation of GASB 34 is not available.

Source: Solano County Auditor-Controller's Office

Note: The assessed value is 100 percent of actual value for all types of secured and unsecured property. Tax rates are per \$1,000 of assessed value.

Schedule 6

CITY OF VACAVILLE
Direct and Overlapping Property Tax Rates
Last Six Fiscal Years

	Fiscal Year					
	2007	2006	2005	2004	2003	2002
City Direct Rates:						
City basic rate	0.27362%	0.27370%	0.27381%	0.27395%	0.27402%	2.74130%
Redevelopment agency	1.03095%	1.03100%	1.03110%	1.03130%	1.03130%	1.03150%
Total City Direct Rate	0.46522%	0.45536%	0.45973%	0.47914%	0.47972%	0.47882%
Overlapping Rates:						
City of Vacaville	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%	0.24267%
Acc Capital Outlay	0.00915%	0.00915%	0.00915%	0.00915%	0.00915%	0.00915%
Aviation	0.00135%	0.00135%	0.00135%	0.00135%	0.00135%	0.00135%
County General	0.35516%	0.35516%	0.35516%	0.35516%	0.35516%	0.35516%
County School Service Fund Support	0.01286%	0.01286%	0.01286%	0.01286%	0.01286%	0.01286%
County Support-Board of Education	0.00378%	0.00378%	0.00378%	0.00378%	0.00378%	0.00378%
Development Center	0.00246%	0.00246%	0.00246%	0.00246%	0.00246%	0.00246%
Mosquito Abatement	0.00666%	0.00666%	0.00666%	0.00666%	0.00666%	0.00666%
Recreation	0.00230%	0.00230%	0.00230%	0.00230%	0.00230%	0.00230%
S C C Voter Debt	0.03127%	0.03127%	0.03127%	0.03127%	0.03127%	0.03127%
Sc Fld State Water Project Zone 1	0.01002%	0.01002%	0.01002%	0.01002%	0.01002%	0.01002%
Solano County Water District	0.01732%	0.01732%	0.01732%	0.01732%	0.01732%	0.01732%
Vacaville Unified Library	0.02906%	0.02906%	0.02906%	0.02906%	0.02906%	0.02906%
Vacaville Unified School District M&O	0.26501%	0.26501%	0.26501%	0.26501%	0.26501%	0.26501%
Vacaville-Elmira Cemetery	0.00752%	0.00752%	0.00752%	0.00752%	0.00752%	0.00752%
Yolo-Solano A P C	0.00341%	0.00342%	0.00342%	0.00342%	0.00342%	0.00342%
Total Prop. 13 Rate	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Vacaville Debt Service						
Sc Fld State Wtr Prj Zone Ben#1	0.03095%	0.03103%	0.03114%	0.03128%	0.03135%	0.03146%
Sc Gob Series 2003A	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%	0.02000%
Scc Gob Series 2003A	0.01211%	0.01643%	0.01532%	0.01432%	0.00000%	0.00000%
Solano Community College Gob Series 2006B	0.00336%	0.00000%	0.00000%	0.00000%	0.00000%	0.00000%
VUSD Gob Refunding Ser 2005	0.02293%	0.02388%	0.00000%	0.00000%	0.00000%	0.00000%
VUSD Gob Series 2005	0.02617%	0.02602%	0.00000%	0.00000%	0.00000%	0.00000%
VUSD Meas V Gob Series 2002	0.00000%	0.00000%	0.02289%	0.02361%	0.05741%	0.00000%
VUSD Meas V Gob Series 2003	0.00000%	0.00000%	0.02379%	0.03001%	0.00000%	0.00000%
Total Voter Approved Rate	0.11552%	0.11736%	0.11314%	0.11921%	0.10876%	0.05146%
Total Tax Rate	1.11552%	1.11736%	1.11314%	1.11921%	1.10876%	1.05146%

The City of Vacaville has elected to show only six years of data for this schedule.

NOTES

Total City Direct Rate is the weighted average of all individual direct rates applied. The percentages presented in the columns above do not sum down.

RDA rate is based on the largest RDA tax rate areas (TRA) and includes only the rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property value for the payment of any voter approved bonds.

Source: HDL & Cone, Solano County Assessor 1997/98 - 2006/07 Tax Rate Table

Schedule 7

**CITY OF VACAVILLE
Principal Property Tax Payers
Current Year and Nine Years Ago**

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Genentech Inc.	\$ 582,015,253	1	6.449%	\$ -		-
Alza Corporation	161,058,008	2	1.785%	92,812,705	1	2.243%
Marvin L. Oates Trust	58,555,934	3	0.649%	-		-
Chiron Corporation	56,947,765	4	0.631%	51,098,012	4	1.235%
CPG Finance II LLC	53,605,864	5	0.594%	-		-
SSR Western Multifamily LLC	46,623,340	6	0.517%	-		-
R M Vacaville Limited	32,562,255	7	0.361%	26,705,715	7	0.646%
Knickerbocker Properties Inc. XXXVIII	32,530,538	8	0.360%	-		-
Lucky Stores Inc.	31,459,559	9	0.349%	35,050,571	6	0.847%
Vaca Villa Apartments, LLC	21,165,000	10	0.235%	-		-
FSA Properties Inc	-		-	80,335,398	2	1.942%
Kaiser Foundation Hospitals	-		-	57,158,760	3	1.382%
BNP Leasing Corporation	-		-	41,618,471	5	1.006%
Mission Messenger Vacaville	-		-	36,965,783	8	0.894%
Mervyns	-		-	19,108,869	9	0.462%
MS Vickers II, LLC	-		-	17,227,800	10	0.416%

Source: HDL & Cone, Solano County 1997/1998 & 2006/2007 Combined Tax Rolls.

Schedule 8

**CITY OF VACAVILLE
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Supplemental/ Prior Years Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 10,858,100	\$ 10,858,100	100.00%	\$ 945,990	\$ 11,804,090	108.71%
2006	9,763,689	9,763,689	100.00%	1,681,759	11,445,448	117.22%
2005	9,117,083	9,117,083	100.00%	1,266,370	10,383,453	113.89%
2004	9,171,388	9,171,388	100.00%	624,167	9,795,555	106.81%
2003	8,598,358	8,598,358	100.00%	528,975	9,127,333	106.15%
2002	7,905,041	7,905,041	100.00%	445,665	8,350,706	105.64%
2001	7,202,562	7,202,562	100.00%	379,051	7,581,613	105.26%
2000	7,046,067	7,046,067	100.00%	192,212	7,238,279	102.73%
1999	6,612,628	6,612,628	100.00%	79,694	6,692,322	101.21%
1998	6,298,384	6,298,384	100.00%	3,858	6,302,242	100.06%

NOTES

Article XIII A of the California Constitution (more commonly known as Proposition 13) limits ad valorem taxes on real property to one percent of value plus taxes necessary to pay indebtedness approved by voters prior to July 1, 1978. The Article also establishes the 1975/76 assessed valuation as the base and limits annual increases to the cost of living, not to exceed two percent, for each year thereafter. Property may also be reassessed to full market value after a sale, transfer of ownership, or completion of new construction. The State is prohibited under the article from imposing new ad valorem, sales or transactions taxes on real property. Local government may impose special taxes (except on real property) with the approval of two-thirds of the qualified electors.

In addition to the City's property tax levies for voter-approved debt, Solano County levies property taxes limited to \$1 to \$100 of assessed valuation for county, cities, schools and special districts operating expenses. This additional property tax levy is distributed to the different governmental agencies under the State mandated alternate method of apportioning taxes (commonly referred to as the "Teeter Plan") whereby all local agencies, including cities, receive from the county 100% of their respective shares of the amount of ad valorem taxes levied, without regard to the actual collection of the taxes levied. This method was placed in effect by Solano County in the 1965/1966 tax year and remains in effect unless the County Board of Supervisors orders its discontinuance.

Source: Solano County Auditor Controller's Office.

Schedule 9
CITY OF VACAVILLE
Ratios of Outstanding Debt by Type
Last Six Fiscal Years

Fiscal Year	Governmental Activities						Business-Type Activities					Total Primary Government	Percentage of Personal Income	Per Capita
	City Loans	Redevelopment Loans	Certificates of Participation	Redevelopment Bonds	Capital Leases	Special Assessment Bonds	Total Governmental Activities	State Revolving Loan	Capital Leases	Total Business-type Activities				
2007	\$ 1,587,485	\$ 1,809,596	\$ 18,540,000	\$ 69,572,870	\$ 4,180,923	\$ 42,625,000	\$ 138,315,874	\$ 65,621,100	\$ 62,507	\$ 65,683,607	\$ 203,999,481	7.82%	2,114	
2006	2,007,430	1,792,420	19,645,000	53,386,370	4,466,613	46,130,000	127,427,833	68,437,147	120,000	68,557,147	195,984,980	7.68%	2,033	
2005	810,607	2,073,587	20,695,000	51,862,330	3,382,546	11,913,650	90,737,720	71,179,114	-	71,179,114	161,916,834	6.44%	1,680	
2004	955,046	1,586,616	21,700,000	52,930,750	2,798,023	47,145,000	127,115,435	61,980,796	-	61,980,796	189,096,231	7.68%	1,989	
2003	1,337,052	1,450,328	22,026,539	50,669,473	2,580,129	51,450,000	129,513,521	54,307,953	-	54,307,953	183,821,474	7.81%	1,957	
2002	1,065,806	9,428,644	23,575,000	54,389,970	-	54,740,000	143,199,420	-	-	-	143,199,420	7.26%	1,566	

The City of Vacaville has elected to show only six years of data for this schedule.

Schedule 10

**CITY OF VACAVILLE
Direct and Overlapping Debt
As of June 30, 2007**

City Assessed Valuation	\$ 9,024,671,319
Redevelopment Agency Incremental Valuation	2,222,027,089
Adjusted Assessed Valuation	<u>\$ 6,802,644,230</u>

	<u>Percentage Applicable</u> (1)	<u>Outstanding Debt</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping Debt Repaid with Property Taxes:			
Solano County Community College District	20.073%	\$ 122,220,090	\$ 24,533,239
Dixon Unified School District	0.774%	28,587,996	221,271
Fairfield-Suisun Joint Unified School District	0.055%	91,755,000	50,465
Vacaville Unified School District	86.169%	57,945,957	49,931,452
Solano Irrigation District	13.203%	711,000	93,873
City of Vacaville Community Facilities District No. 2	100.000%	5,095,000	5,095,000
City of Vacaville 1915 Act Bonds	100.000%	<u>33,585,000</u>	<u>33,585,000</u>
Total overlapping debt repaid with property taxes		<u>339,900,043</u>	<u>113,510,300</u>
Overlapping Other Debt:			
Solano County Certificates of Participation	19.356%	142,410,000	27,564,880
Solano County Pension Obligations	19.356%	132,805,000	25,705,736
Solano County Board of Education Certificates of Participation	19.356%	3,440,000	665,846
Dixon Unified School District Certificates of Participation	0.774%	14,655,000	113,430
Fairfield-Suisun Joint Unified School District Certificates of Participation	0.055%	450,000	248
Travis Unified School District Certificates of Participation	59.788%	<u>36,655,000</u>	<u>21,915,291</u>
Total Overlapping other debt		<u>330,415,000</u>	<u>75,965,431</u>
Total Overlapping debt		<u>\$ 670,315,043</u>	189,475,731
City direct debt			<u>18,540,000</u> (2)
Total direct and overlapping debt			<u>\$ 208,015,731</u>

NOTES

(1) Percentage of overlapping agency's assessed valuation located within boundaries of the City.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

Schedule 11

**CITY OF VACAVILLE
Legal Debt Margin Information
Last Ten Fiscal Years**
(expressed in thousands of dollars)

	Fiscal Year									
	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Assessed value	\$9,024,671	\$7,882,834	\$7,020,660	\$6,246,103	\$5,902,071	\$5,446,979	\$5,059,168	\$4,521,645	\$4,320,693	\$4,044,381
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	2,256,168	1,970,708	1,755,165	1,561,526	1,475,518	1,361,745	1,264,792	1,130,411	1,080,173	1,011,095
Debt limit percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Debt limit	338,425	295,606	263,275	234,229	221,328	204,262	189,719	169,562	162,026	151,664
Total net debt applicable to limit:										
General obligation bonds	-	-	-	-	-	-	-	-	-	-
Legal debt margin	<u>\$ 338,425</u>	<u>\$ 295,606</u>	<u>\$ 263,275</u>	<u>\$ 234,229</u>	<u>\$ 221,328</u>	<u>\$ 204,262</u>	<u>\$ 189,719</u>	<u>\$ 169,562</u>	<u>\$ 162,026</u>	<u>\$ 151,664</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Schedule 12

**CITY OF VACAVILLE
Pledged-Revenue Coverage
Last Ten Fiscal Years
(expressed in thousands of dollars)**

Fiscal Year	Water Revenue Bonds			Debt Service			Tax Allocation Bonds			Debt Service		
	Water Revenue	Less Operating Expenses (1)	Net Available Revenue	Principal	Interest	Coverage	Tax Increment	Principal	Interest	Coverage		
2007	\$ 18,829	\$ 13,189	\$ 5,640	\$ -	\$ -	\$ -	\$ 28,911	\$ 2,688	\$ 3,308	4.82		
2006	15,539	10,879	4,660	-	-	-	24,817	1,136	2,614	6.62		
2005	12,349	10,300	2,049	-	-	-	23,463	1,068	2,674	6.27		
2004	12,908	9,488	3,421	-	-	-	21,794	1,011	2,736	5.82		
2003	12,633	8,247	4,386	-	-	-	19,730	1,011	2,956	4.97		
2002	14,338	9,571	4,767	-	-	-	18,758	448	2,776	5.82		
2001	11,295	11,664	(370)	-	-	-	17,815	581	1,561	8.32		
2000	9,437	8,119	1,318	-	-	-	15,191	535	2,106	5.75		
1999	8,603	6,433	2,169	-	-	-	13,729	543	1,458	6.86		
1998	8,962	6,597	2,365	-	-	-	12,698	526	1,486	6.31		

NOTE

Water Revenue Bonds paid in full fiscal year 1994/95--no outstanding revenue bond indebtedness

(1) Expenses-exclude depreciation and debt service.

Schedule 13

**CITY OF VACAVILLE
Demographic and Economic Statistics
Last Seven Calendar Years**

Year	Population (1)	Personal Income (thousands of dollars)	Per Capita Personal Income (2)	Unemployment Rate (3)
2007	96,489	\$ 2,607,808	\$ 27,027	3.8%
2006	96,395	2,552,347	26,478	3.7%
2005	96,371	2,512,777	26,074	4.0%
2004	95,082	2,461,958	25,893	4.4%
2003	93,927	2,353,717	25,059	4.9%
2002	91,461	1,971,625	21,557	4.3%
2001	91,228	1,904,385	20,875	3.3%

The City of Vacaville has elected to show only seven years of data for this schedule.

- Sources: (1) State of California Department of Finance
 (2) Claritas SiteReports
 (3) State of California Employment Development Department

Schedule 14

**CITY OF VACAVILLE
Principal Employers
Current Year and Nine Years Ago**

Employer	2007			1998		
	Number of Employees	Rank	Percent of Total Employment	Number of Employees	Rank	Percent of Total Employment
California State Department of Corrections	2,608	1	5.83%	2,528	1	-
Vacaville Unified School District	1,251	2	2.80%	-		-
Alza Corporation	1,200	3	2.68%	562	3	-
Genentech	950	4	2.13%	-		-
City of Vacaville	768	5	1.72%	-		-
Kaiser Permanente	500	6	1.12%	320	6	-
NorthBay Vaca Valley Hospital	412	7	0.92%	212	9	-
Hines Nursery, Inc.	400	8	0.89%	396	4	-
Simpson Dura-Vent	375	9	0.84%	215	8	-
Save Mart Distribtuion Center	330	10	0.74%	-		-
Lucky Stores	-		-	604	2	-
International Home Foods, Inc.	-		-	350	5	-
Wal-Mart Stores, Inc.	-		-	282	7	-
Viking of California, Inc.	-		-	168	10	-

NOTES

For Fiscal Year 1997/1998 the City of Vacaville did not include Vacaville Unified School District or itself as a major employer.

The total employment number is unavailable for Fiscal Year 1997/1998, therefore the Percentage of Total Employment could not be completed.

Source: State of California Employment Development Department

Schedule 15

**CITY OF VACAVILLE
Full-time Equivalent City Government Employees by Function/Program
Last Seven Fiscal Years**

Function/Program	Full-time Equivalent Employees as of June 30						
	2007	2006	2005	2004	2003	2002	2001
General Government							
City Attorney	4	4	4	4	4	4	4
City Manager	12	11	5	5	5	5	7
Finance	26	26	24	27	28	28	29
Human Resources	10	9	14	14	13	13	15
Information Technology	14	16	15	16	15	14	9
Community Development	22	26	22	24	25	22	27
Police Department	171	158	156	159	158	157	153
Fire Department	84	73	76	77	78	75	68
Community Services	20	20	17	20	20	20	23
Housing and Redevelopment	28	30	28	30	30	30	28
Public Works	174	160	162	161	160	158	162
Total	565	533	523	537	536	526	525

The City of Vacaville has elected to show only seven years of data for this schedule.

Schedule 16

**CITY OF VACAVILLE
Operating Indicators by Function/Program
Last Six Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>					
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Fire						
Emergency responses	7,812	7,554	6,677	6,445	6,434	*
Inspections	792	1,172	634	971	897	1,046
Parks and Recreation						
Number of recreation registrants	31,662	32,805	35,263	35,887	36,621	37,816
Number of facility rentals	852	733	759	677	648	707
Police Department						
Physical arrests	4,264	4,133	2,877	3,024	3,877	*
Parking citations issued	12,649	12,114	12,574	16,767	19,711	*
Public Works						
Street resurfacing (miles)	25.90	N/A	37.90	29.25	28.00	34.10
Potholes repaired	98	130	104	66	57	97
Transit						
Total revenue route miles	394,636	402,164	392,119	384,806	371,450	372,947
Passengers	222,367	211,280	211,609	241,522	260,055	214,102
Wastewater						
Average daily sewage treatment (million gallons per day)	8.25	9.97	9.20	8.70	8.10	8.60
Water						
New Connections (meter sets)	277	290	249	202	282	223
Average daily consumption (thousands gallons per day)	22.1	20.5	18.6	23.9	17.0	18.0

NOTES

N/A-Not available, this statistic is kept on calendar rather than a fiscal year basis.

* Data not available

**Schedule 17
CITY OF VACAVILLE
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
Fire										
Fire Stations	4	4	4	4	4	4	4	4	4	4
Fire Engines	9	8	8	8	8	6	6	6	6	6
Parks and Recreation										
Parks	30	30	33	33	33	33	33	33	33	33
Park Acres	513	513	568	568	568	568	568	568	568	568
Special Community Facilities	6	6	6	6	6	6	6	6	6	6
Neighborhood Centers	11	11	11	9	9	9	9	9	9	6
Police Department										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Vehicles	123	103	103	100	98	98	94	103	105	99
Police Motorcycles	9	9	9	9	6	6	6	6	6	6
Public Works										
Streets (miles)	237	231	230	227	227	225	222	220	219	215
Traffic Signals	69	67	64	64	64	62	60	53	53	53
Transit Buses										
Fixed Route	12	12	12	12	12	12	7	7	7	7
Special Services	6	6	5	5	5	5	5	5	3	3
Wastewater										
Sewers (miles)	231	226	224	221	221	219	217	211	211	209
Storm Drain (miles)	132	128	127	125	124	123	121	119	118	117
Treatment Plants	1	3	2	2	2	2	2	2	2	1
Water										
Water Mains (miles)	276	269	267	265	264	260	257	252	251	245
Fire hydrants	3,320	3,231	3,207	3,166	3,146	3,076	3,019	2,936	2,927	2,887
Reservoirs	9	8	8	7	7	7	7	7	7	7
Wells	13	12	12	11	11	10	10	10	10	*

NOTES

* Data not available



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