



CITY OF DIXON

CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008
WITH
INDEPENDENT AUDITOR'S REPORT

WELCOME TO THE
CITY OF DIXON

**CITY OF DIXON
CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**Prepared by
FINANCE DEPARTMENT**

CITY OF DIXON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2008

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INTRODUCTORY SECTION

MAYOR JACK BATCHELOR, JR.
VICE MAYOR RICK C. FULLER
COUNCILMEMBER KAY FULFS CAYLER



COUNCILMEMBER MICHAEL CEREMELLO, JR.
COUNCILMEMBER VICTORIA COPPES
CITY TREASURER DAVID DINGMAN

January 20, 2009

To the City Council and the Citizens of the City of Dixon:

We are pleased to present the Comprehensive Annual Financial Report of the City of Dixon for the fiscal year ended June 30, 2008. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of various funds of the City. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB) and includes the report of the independent public accounting firm of Mann Urrutia Nelson CPAs & Associates,.

Organization of the financial report follows the guidelines set forth by the Governmental Finance Officers Association of the United States and Canada (GFOA) and the California Society of Municipal Finance Officers (CSMFO). In accordance with the above-mentioned guidelines, the Comprehensive Annual Financial Report is divided into three sections: introductory, financial, and statistical. The introductory section, which is unaudited, includes this letter of transmittal, an organizational chart, and a list of the City's principal elected officials and executive staff. The financial section includes management discussion and analysis, the independent auditor's report on the financial statements, the basic financial statements, required supplementary information, and the combining financial statements for non-major funds. The statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

City of Dixon

600 East A Street • Dixon, California • 95620-3697
(707) 678-7000 • FAX (707) 678-0960 • TTY (707) 678-1489

The City of Dixon operates under a Council-Manager form of government and provides full municipal services that include Public Safety, Public Works, Utilities (Sewer and Water), Community Development, Recreation and Community Services. This report includes all funds of the City of Dixon as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government.

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This Letter of Transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Dixon's MD&A can be found immediately following the report of the independent auditors.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The City of Dixon was incorporated March 30, 1878. The current population is 17,577 in a 6.5 square-mile area; Dixon has room for, and has planned for, continued business and residential development. Dixon is graced with a strong business base and a well-established residential community. Dixon prides itself on being "in the center of everything".

The Dixon City Council consists of the Mayor and four Council Members, elected to four-year overlapping terms. The Mayor and Council Members must be residents within the City limits. The position of Vice Mayor is required in the Dixon City Code and is chosen from among the Council Members by the Council Members. The Mayor conducts the Council meetings and all members of the City Council represent the City on regional and statewide issues.

The City Council serves as the legislative body of the City and as the policy board for the municipality. The City Council provides policy direction, establishes goals, and sets priorities for the City government. In addition to serving as the policy makers for the community, the City Council is also responsible for numerous land use decisions within its borders, including the General Plan. The City Council appoints the City Manager and City Attorney. The Mayor appoints, and the City Council ratifies, the appointment of all members of advisory Boards and Commissions. The City Manager appoints the Senior Managers (Department Heads) with the City Council providing ratification.

Dixon has a wide economic orientation, with strong business to business activity and significant retail opportunities easily accessible from Interstate 80. The City and the Dixon Redevelopment Agency have worked with the citizens and the businesses of Dixon in support of business, façade improvement programs, and employment targeted

loans. The City has one Redevelopment Project Area, and the City Council also serves as the Redevelopment Agency Board.

Dixon is also close to many other commercial centers which provide significant employment opportunities in a variety of fields, including sales, education, technology, professional specialties and manufacturing. As of June 30, 2008, the unemployment rate for the City of Dixon was 5.4%. Unfortunately the rate has risen to 6.1% as of October, 2008 (the latest information available).

MAJOR INITIATIVES

The City of Dixon is committed to providing high quality services in an economical manner. For FY 2007-08 the City's efforts were focused in several areas:

Facilities and Infrastructure - FY 2007-08 highlights include the completion of the following projects:

- Completion of grading and installation of water control structures for the Pond C Storm Drainage Detention Basin south of Hall Park, including grading and landscaping improvements to the Lateral 2 Drainage Channel.
- Completion of the Quadrant 2 and 3 Curb Ramp Project which upgraded 204 Americans with Disability Act (ADA) ramps to current accessibility standards.
- The First Floor Police Station Remodel which provided additional office space and upgraded the front counter to meet ADA accessibility requirements.

Additional improvements were completed in the downtown area. Also completed was the rehabilitation of sidewalk curb ramps. A Development and Disposition Agreement was signed which provided for a \$750,000 Redevelopment Loan and a \$150,000 seismic grant for commercial rehabilitation of the Old Fire Station in the downtown area.

The City continues to plan for major improvements to its wastewater treatment plant to meet current regulatory and future growth demands. On September 11, 2008, the City successfully negotiated a revised Cease and Desist Order (CDO) with the California Regional Water Quality Control Board. The new CDO replaced a 2005 CDO which the City and State agreed was no longer applicable to the City's current wastewater situation. The new CDO identified a scope of work and regulatory milestones for the City to investigate water quality in the groundwater adjacent to the City's wastewater treatment plant, and develop technical alternatives to address salinity in the City's wastewater. On November 11, 2008 the City Council approved a Wastewater Finance Plan for the sewer enterprise fund that will fund wastewater programs and projects designed to facilitate the City's compliance with the requirements of the California Regional Water Quality Control Board.

Economic Development

Promoting economic development continues to be one of the City's key operational priorities. The City Manager and other City staff continue to work closely with the development community to ensure the redevelopment and development of key sites. During FY 2007-08, the following major development projects were either started or completed:

- The Tractor Supply store was opened.
- A 24,204 square foot expansion to the Gymboree facility was completed.
- The 22,400 square foot McLaughlin industrial spec facility was completed and partially funded through a Redevelopment Agency loan.
- The Splash Zone car wash was completed.
- A 5,530 square foot medical clinic was completed.
- Work started on a major bio-tech research facility to be completed in FY 2008-09.
- The Ascher Building, a mixed use commercial/affordable housing project, was completed and partially financed through a loan from the Redevelopment Agency.

Additional growth and development is anticipated in the Northeast Quadrant of the City with work continuing on providing a new well to serve the area. The well is to be financed through a Community Facilities District (CFD) comprised of a number of commercial properties.

Residential Development

During the past year construction of new homes came to a standstill. Construction is not expected to resume until the next fiscal year at the earliest. Extensions on the allotments to new development have been granted to developers. There was, however, a number of rehabilitation and first time homebuyer loans funded by the Redevelopment Agency and/or CDBG grants.

Operational Activities

Personnel - During FY 2007-08, and in recent months, there have been some key personnel changes in the senior management staff of the City. First of all, the City Manager retired and was replaced by an interim City Manager for seven months. On June 30, 2008, a new City Manager, Nancy L. Huston, was appointed. This period also saw the departure of three department heads; the Finance and Technology Director, the Fire Chief, and the Public Works Director. All of these positions have been replaced by interim staff. The Finance and Technology Director and the Fire Chief were replaced by interim retired department heads from other cities and the Public Works Director was assigned to the Recreation and Community Services Director on an interim basis.

City Services - The City consistently looks at the way it provides services to the citizens of Dixon. Highlights during FY 2007-08 were:

- Information Technology - The City's website was redesigned and exchange and GIS servers were installed.
- Police - The position of Code Compliance was transferred from the Fire Department to the Police Department, the Police Department front office hours were expanded, allowing increased community access; Community Service Officers were added to patrol operations to assist in non- priority crime related issues; and Officers were assigned to the Solano County Vehicle Theft Suppression Team and Safe Streets Gangs Police Force.

Long-term Fiscal Stability

Starting July 1, 2007, the City began spending more in General Fund (the General Fund for internal budgetary purposes is comprised of a number of funds, as used here the term "General Fund" refers to the general purpose fund of the City, which is known simply as the "General Fund") expenditures than revenues and used reserves to balance the budget. Despite the use of reserves the City was fortunate enough to start FY 2008-09 with a projected 17% reserve. The actual ending reserve for the FY 2007-08 turned out to be higher at 18%. The Council approved a General Fund budget of \$15.5 million for FY 2008-09 which required the use of \$842,000 in reserves with a projected 13% ending reserve balance.

Nevertheless, subsequent events in the national and state economy have made this a very challenging fiscal year. Revised projections, made as of January 20, 2009, show a projected 11% ending reserve balance and a projected shortfall of \$1.8 million for the fiscal year. Revenues have dropped significantly for the City. In FY 2007-08 revenues were \$16 million. In FY 2008-09 revenues are projected to be \$13.8 million. To address this challenge, the City is in the process of revising both current and next year's budgets in order to cut \$1.9 million in expenditures in FY 2009-10. The budget will also need to be reduced by \$581,950 for the current fiscal year.

FINANCIAL INFORMATION

Management of the City of Dixon is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, the government is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations related to these programs.

These internal controls are subject to periodic evaluation by Management and the Finance staff of the City.

When the City receives and expends more than \$500,000 in Federal Funds, a single audit in compliance with federal law (OMB Circular A-133) is required. This law requires additional testing of internal controls and compliance with the many laws and regulations affecting Federal Fund Assistance. The City's internal controls and compliance with various laws and regulations have met the Federal criteria in the past as evidenced by prior years' single audits and Management is confident that this compliance continues.

The City maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities for all funds are included in the annual appropriated budget.

As demonstrated by the statements and schedules included in the financial section of this report, the government continues to meet its responsibility for sound financial management.

Cash Management Policies and Practices

It is the policy of the City Council to invest idle funds (cash not needed for immediate use) in a manner that provides the highest safety, liquidity and yield. Investments are made according to the California government code section 536000 et seq. and the adopted City Investment Policy. As of June 30, 2008, approximately 66% of the City's investments were invested in short term Federal Agency Bonds, another 15% were invested in the Local Agency Investment Fund (LAIF) with the balance in bond trusts (14%) and the cash accounts (5%) used to maintain the cash flow of the City.

The City's cash management practices include the establishment of contingencies, reserves and designations to: 1) stabilize the City's fiscal base for anticipated fluctuations in revenues and expenditures; 2) provide for nonrecurring, unanticipated expenditures; and 3) provide for innovative opportunities for the betterment of the community. The following contingencies, reserves and designations have been established:

** General Fund Contingency – The purpose of this contingency is to set aside funds for unanticipated, nonrecurring expenditures. An informal policy of the City Council (supported by minute actions and council discussions) has been to maintain a reserve for the General Fund in the range of between 18% and 6% and adopt a balanced budget based upon utilization of the City's reserves.

** Reserve for Encumbrances – Encumbrances are commitments to spend for services and supplies which are ordered or contracted in one year but not fulfilled until the next year. The City determines the balance of its reserve for encumbrance during the process of closing the books on an annual basis.

** Reserve for Low and Moderate Income Housing – State redevelopment law requires that, for cities having redevelopment areas and agencies, 20% of the annual tax increment be set aside and used solely to meet the need for very low, low and moderate income housing for the citizens of the City.

** Designated for Equipment Replacement – Each year, in accordance with an amortization schedule developed for each piece of equipment purchased by the city (meeting a minimum threshold in cost and useful life), funds are set aside and designated for eventual replacement. In FY 2007-08, \$338,580 was set aside in this manner. Due to the current economic situation this practice was suspended for FY 2008-09 and may continue to be suspended for the next several years. In addition all equipment purchases will be funded by the Equipment Replacement Fund.

** Designated for Senior Donations – Each year the senior citizens active at the Senior/Multi-Use Center donate funds for the programs and activities in which they participate. The City maintains a balance based upon donations and use. At the end of each year the remaining balance is designated for their use in the subsequent years.

Risk Management

The City is a member of the Northern California Cities Self Insurance Fund (NCCSIF), a joint powers authority that provides the member municipalities with risk management services. The City pays annually into the fund for liability and worker's compensation coverage. NCCSIF is a shared risk pool and the City is self insured up to \$50,000 for general liabilities and up to \$100,000 for worker's compensation claims. The activity in the risk management pool over the past several years has not exceeded the annual payments made by the City.

Independent Audit

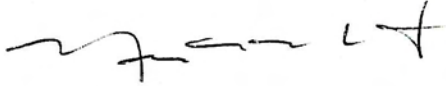
State statutes require an annual audit by independent certified public accountants. The firm Mann Urrutia Nelson CPAs & Associates was selected by the City Council to audit the City's financial records. The auditor's report on the basic financial statements is included in the financial section of this report.

ACKNOWLEDGEMENTS

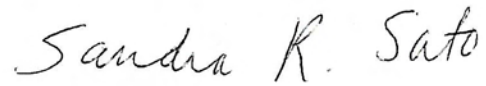
The preparation of this report could not be accomplished without the efficient and dedicated service of the entire staff of the Finance Department and the auditing firm of Mann Urrutia Nelson CPAs & Associates. We would like to express appreciation to Ms. Michelle O. Nelson, CPA, Partner at Mann Urrutia Nelson CPAs & Associates and to her staff, Erica Pastor, CPA, Katie Williams, CPA and Dustin Cassidy, CPA. Karin Helvey, Accounting Manager, Rebecca Hendrix, Management Aide, Donna Jacobs, Accounting and Payroll Technician, Sharon Kraak, Senior Account Clerk, Jodie VanMeerten, Account Clerk I and Diane Peuse, Administrative Clerk I, of the Finance Department also assisted and contributed to its preparation.

We would also like to thank members of the City Council, and the various departments for their cooperation and support in planning and conducting the financial operations of the City during the fiscal year.

Respectfully submitted,

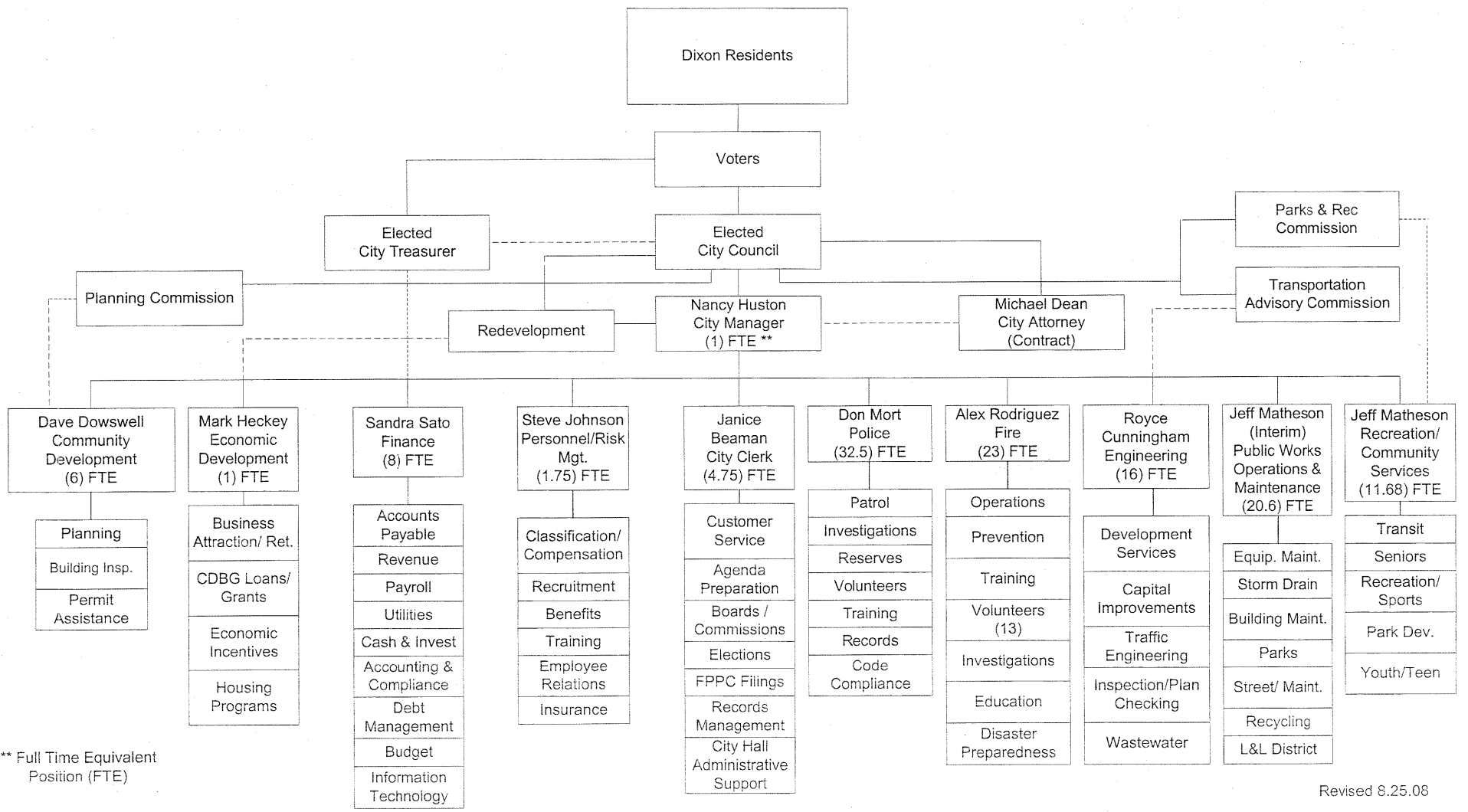


Nancy L. Huston,
City Manager



Sandra R. Sato
Interim Finance & Technology Director

CITY OF DIXON ORGANIZATION CHART



** Full Time Equivalent Position (FTE)

Revised 8.25.08

CITY OF DIXON
ELECTED OFFICIALS
AND
EXECUTIVE STAFF

JUNE 30, 2008

ELECTED OFFICIALS

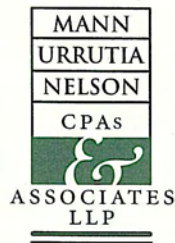
Mayor	Mary Ann Courville
Vice Mayor	Michael Gomez
Council Member	Michael C. Smith
Council Member	Steve Alexander
Council Member	Jack Batchelor, Jr.
City Treasurer	David Dingman

EXECUTIVE STAFF

City Manager	Nancy L. Huston**
City Attorney	Michael F. Dean**
City Clerk	Janice Beaman
City Engineer	Royce W. Cunningham
Community Development Director	Dave Dowswell
Economic Development Director	Mark Heckey
Human Resource Director	Steve Johnson
Recreation and Community Services Director	Jeff Matheson
Interim Public Works Director	Jeff Matheson
Police Chief	Don Mort
Fire Chief	Alex Rodriguez
Interim Director of Finance & Information Technology	Sandra R. Sato

** Appointed by City Council

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the City Council of
 the City of Dixon
 Dixon, California

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dixon (the "City") as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dixon as of June 30, 2008, and the respective changes in the financial position and cash flows, where applicable, thereof and the respective budgetary comparisons listed as part of the basic financial statements for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2009 on our consideration of the City of Dixon's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison schedules as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 of Dixon's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Sacramento, California
 January 8, 2009

PRINCIPALS

Chris A. Mann, CPA, CFP • John R. Urrutia, CPA • Michelle O. Nelson, CPA, CFE, CVA • Christine L. Collins, EA

Kriss Ann Mann, CPA CCPS • Justin J. Williams, CPA

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

This section of the City of Dixon California's Comprehensive Annual Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our transmittal letter and in the City's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Citywide:

- The City's total net assets decreased \$4.6 million FY 2008. At June 30, 2008, net assets totaled \$224.8 million.
- Citywide revenues totaled \$25.0 million, including program revenues of \$9.6 million and general revenues of \$15.4 million, a decrease of \$3.4 million from prior year's \$28.4 million.
- Total Citywide expenses were \$28.0 million, an increase of \$2.5 million from the prior year's \$25.5 million.
- Net assets in governmental activities decreased \$3.5 million, while net assets in business-type activities decreased \$1.1 million.
- Governmental program revenues increased to \$6.7 million from fiscal 2007's \$6.5 million.
- Governmental program expenses increased to \$23.3 million in fiscal 2008, up \$1.8 million from the prior year's \$21.5 million.
- Program revenues from business-type activities decreased to \$3.0 million in fiscal 2008, down from \$5.6 million in the prior year.
- Expenses of business-type activities increased to \$4.6 million in fiscal 2008, a \$.5 million increase from the prior year's level of \$4.1 million.

Fund Level:

- Governmental fund balances decreased to \$20.8 million in fiscal 2008 from the prior year's \$23.1 million.
- Governmental fund revenues decreased to \$21.5 million in fiscal 2008, down \$1.6 million from the prior year's \$23.1 million.
- Governmental Fund expenditures increased to \$24.0 million in fiscal 2008, up \$1.1 million from fiscal 2007's level of \$23.0 million.
- General Fund revenues of \$15.5 million represented a decrease of \$.03 million from fiscal 2007's revenues of \$15.8 million.
- General Fund balance of \$5.8 million at June 30, 2008 remained at fiscal 2007's level of \$5.8 million.

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

The financial section of this report consists of four parts:

- 1) Independent Auditor's Report;
- 2) Management's Discussion and Analysis (this section);
- 3) Basic Financial Statements which include:
 - Government-Wide Financial Statements;
 - Fund Financial Statements;
 - Notes to the Basic Financial Statements; and
- 4) Combining and Individual Fund Financial Statements and Schedules.

The basic financial statements include two kinds of statements which present different views of the City.

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

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 (page 17) presents information on all of the City's assets and liabilities, with the difference between the two reported as "net assets." Over time, increases or decreases in net assets may serve as a useful indicator of the City's financial improvement or deterioration.

The Statement of Activities (page 18) presents information showing how the government's net assets changed during the past 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 (accrual basis of accounting). Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue – "governmental activities" from other functions that are intended to recover all or a significant portion of their costs through users fees and charges – "business-type activities." The governmental activities of the City of Dixon include general government, public protection, parks and recreation, development, and public ways and facilities. The business-type activities of the city include sewer, water and the transit system.

The government-wide financial statements include not only the City of Dixon itself (known as the primary government), but also the legally separate Dixon Public Improvement Corporation, the City of Dixon Redevelopment Agency and the Dixon Public Financing Authority. The City Council serves as the governing body of each of these component units and the City is financially accountable for them, resulting in their financial information being included in the City's Comprehensive Annual Financial Report on a blended basis.

Fund Financial Statements

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

- ** Governmental funds;
- ** Proprietary funds; and
- ** Fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as "governmental activities" in the government-wide financial statements. However, unlike those statements, the focus in these statements is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Dixon maintains several individual governmental funds organized according to their type (special revenue, debt service, capital projects, etc). The City Council (or agency board for Redevelopment, the Dixon Public Financing Authority or the Dixon Public Improvement Corporation) adopts an annual appropriated budget for each fund within the City.

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

The fund financial statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities. For the fiscal year ending June 30, 2008, the City of Dixon's major funds are as follows:

- ** General Fund
- ** Low/Moderate Income Housing Fund (Redevelopment) Special Revenue Fund
- ** Transportation Capital Projects Fund
- ** Storm Drain Fund

Data from the remaining nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of "combining statements" starting on page 63.

For the governmental funds financial statements, the following funds were reported as major funds in the 2006-07 fiscal year and continue to be reported as a major fund for FY 2007-08.

- ** The Low/Moderate Income Housing Fund is a special revenue fund which has been established to monitor the use of 20% of the Redevelopment tax increment which must be set aside and used for very low, low and moderate housing programs. The City of Dixon Redevelopment Agency (RDA) makes long-term, low-interest loans to first time home buyers and for homeowner rehabilitation projects for citizens of the City who meet income criteria.

- ** Transportation Capital Projects Fund

Changes in major fund designation include the following:

Funds treated as nonmajor funds in FY 2006-07 now shown as major funds include:

- ** Storm Drain Fund

A budgetary comparison statement has been provided in the basic financial statements which reflect both original and final budgets for the general fund and for the major special revenue funds.

Proprietary funds are generally used to account for services for which the City charges customers – either outside customers, or internal departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City has maintained one type of proprietary fund – enterprise funds – as described below:

- ** Enterprise funds are used to report the same functions as presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for sewer, water (one half of the water system) and transit.

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The Statement of Fiduciary Net Assets is found on page 80 and includes the West A Assessment District, the North First Street Assessment District, the Dixon Fire Protection District and Dixon-Solano Municipal Water Service (SID Interest).

Notes to the Basic Financial Statements

The Notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 28 - 54 of this report.

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Combining and Individual Fund Statements and Schedules

This final section of the report includes additional detailed information about nonmajor governmental and agency funds and can be found beginning on page 58.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net assets may serve over time as a useful indicator of a government's financial position. For the City of Dixon, restricted and unrestricted net assets were \$224.8 and \$229.4 million at June 30, 2008 and 2007, respectively. Overall total net assets decreased by \$4.6 million in FY 2007-08.

The Summary of Net Assets as of June 30, 2008 and 2007 follows:

Statement of Net Assets
As of June 30, 2008 and 2007
(in thousands)

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Government</u>		
	<u>2008</u>	<u>2007</u>	<u>Net Change</u>	<u>2008</u>	<u>2007</u>	<u>Net Change</u>	<u>2008</u>	<u>2007</u>	<u>Net Change</u>
ASSETS									
Current and other assets	\$ 23,309	\$ 27,833	\$ (4,524)	\$ 3,826	\$ 5,120	\$ (1,294)	\$ 27,135	\$ 32,953	\$ (5,818)
Capital assets	<u>153,161</u>	<u>152,949</u>	<u>212</u>	<u>57,584</u>	<u>58,496</u>	<u>(912)</u>	<u>210,745</u>	<u>211,445</u>	<u>(700)</u>
Total Assets	<u>176,470</u>	<u>180,782</u>	<u>(4,312)</u>	<u>61,410</u>	<u>63,616</u>	<u>(2,206)</u>	<u>237,880</u>	<u>244,398</u>	<u>(6,518)</u>
LIABILITIES									
Long-term liabilities	7,967	7,745	222	1,791	1,881	(90)	9,758	9,626	132
Other liabilities	<u>2,510</u>	<u>3,550</u>	<u>(1,040)</u>	<u>785</u>	<u>1,750</u>	<u>(965)</u>	<u>3,295</u>	<u>5,300</u>	<u>(2,005)</u>
Total Liabilities	<u>10,477</u>	<u>11,295</u>	<u>(818)</u>	<u>2,576</u>	<u>3,631</u>	<u>(1,055)</u>	<u>13,053</u>	<u>14,926</u>	<u>(1,873)</u>
NET ASSETS									
Invested in capital assets, net of related debt	145,706	145,119	587	55,719	58,496	(2,777)	201,425	203,615	(2,190)
Restricted	4,811	4,988	(177)	373	571	(198)	5,184	5,559	(375)
Unrestricted	<u>15,476</u>	<u>19,381</u>	<u>(3,905)</u>	<u>2,743</u>	<u>918</u>	<u>1,825</u>	<u>18,219</u>	<u>20,299</u>	<u>(2,080)</u>
Total Net Assets	<u>\$165,993</u>	<u>\$169,488</u>	<u>\$ (3,495)</u>	<u>\$ 58,835</u>	<u>\$ 59,985</u>	<u>\$ (1,150)</u>	<u>\$224,828</u>	<u>\$229,473</u>	<u>\$ (4,645)</u>

Analysis of Net Assets

With the consolidation of government-wide net assets into one statement and other changes such as the exclusion of fiduciary funds, net assets may now serve as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$224.8 million in FY 2007-08 and \$229.4 million in FY 2006-07. The decrease of approximately \$4.6 million for the year ended June 30, 2008 was the result of governmental expenses exceeding revenues by \$3.5 million and an operating loss in business type activities of \$1.1 million. The \$2.8 million increase in 2007 was the result of governmental revenues exceeding expenses by \$.9 million and an operating gain of \$1.9 million in business type-activities for the year ended June 30, 2007. The loss in 2008 is mainly due to the loss of revenue as result of the decline in development combined with stagnant revenues.

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

The City reported positive balances in all categories of net assets, as well as for its separate governmental and business-type activities. The primary components of the City's net assets include:

** \$201.4 million and \$203.6 million (89% and 88%) at June 30, 2008 and 2007 in net capital assets (e.g., infrastructure, land, buildings, other improvements, construction in progress and equipment), less any outstanding related debt used to acquire these assets. The City uses these capital assets to provide 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.

** \$5.2 million and \$5.6 million (2% and 2%) at June 30, 2008 and 2007 in net assets represent resources that are subject to external restrictions on how they may be used. Included in restricted net assets are \$ 3.4 million and \$3.8 million for community development for FY 2007-08 and 2006-07 and \$ 1.4 million and \$1.7 million for debt service and retirement at June 30, 2008 and 2007.

** The remaining \$18.2 million and \$20.3 million are unrestricted net assets and may be used to meet the government's ongoing obligations to citizens and creditors.

Statement of Activities

Governmental activities decreased the City's net assets by \$3.5 million in 2008. In 2007 governmental activities increased net assets \$.9 million. Total revenue decreased approximately \$.9 million in FY 2007-08 and \$7.3 million in 2006-07, reflecting the continuing decrease in revenues associated with building and permits, planning studies and other general revenues associated with growth. Expenses increased approximately \$1.9 million during FY 2007-08 and \$.3 million during 2006-07. Business-type activities decreased the City's net assets by \$1.1 million during the year ended June 30, 2008, while resulting in an increase of \$2.0 million or 3.4% during 2006-07. An analysis of key changes at the governmental funds level is provided below under Financial Analysis of the City's Funds.

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Statement of Activities
For the Years Ended June 30, 2008 and 2007
(in thousands)

	<u>Governmental Activities</u>			<u>Business-type Activities</u>			<u>Total Government</u>		
	<u>2008</u>	<u>2007</u>	<u>Net Change</u>	<u>2008</u>	<u>2007</u>	<u>Net Change</u>	<u>2008</u>	<u>2007</u>	<u>Net Change</u>
REVENUES:									
Program revenues									
Charges for services	\$ 3,913	\$ 3,763	\$ 150	\$ 2,376	\$ 2,115	\$ 261	\$ 6,289	\$ 5,878	\$ 411
Operating grants and contributions	632	445	187	577	558	19	1,209	1,003	206
Capital grants and contributions	2,122	2,325	(203)	-	2,974	(2,974)	2,122	5,299	(3,177)
General revenues									
Taxes	13,567	14,197	(630)	-	-	-	13,567	14,197	(630)
Interest and investment earnings	1,072	1,365	(293)	249	304	(55)	1,321	1,669	(348)
Rental income	36	33	3	-	-	-	36	33	3
Other revenue	50	148	(98)	449	144	305	499	292	207
Transfers	160	92	68	(160)	(92)	(68)	-	-	-
Total Revenues	<u>21,552</u>	<u>22,368</u>	<u>(816)</u>	<u>3,491</u>	<u>6,003</u>	<u>(2,512)</u>	<u>25,043</u>	<u>28,371</u>	<u>(3,328)</u>
EXPENSES:									
Governmental activities									
General government	3,534	3,048	486	-	-	-	3,534	3,048	486
Public safety	7,798	7,425	373	-	-	-	7,798	7,425	373
Parks and recreation	2,254	2,176	78	-	-	-	2,254	2,176	78
Community development	2,859	2,303	556	-	-	-	2,859	2,303	556
Public ways and facilities	6,455	5,745	710	-	-	-	6,455	5,745	710
Interest on long-term liabilities	445	769	(324)	-	-	-	445	769	(324)
Business-type activities									
Sewer	-	-	-	3,150	2,701	449	3,150	2,701	449
Water	-	-	-	779	711	68	779	711	68
Transit	-	-	-	713	642	71	713	642	71
Total Expenses	<u>23,345</u>	<u>21,466</u>	<u>1,879</u>	<u>4,642</u>	<u>4,054</u>	<u>588</u>	<u>27,987</u>	<u>25,520</u>	<u>2,467</u>
Change in net assets	<u>(1,793)</u>	<u>902</u>	<u>(2,695)</u>	<u>(1,151)</u>	<u>1,949</u>	<u>(3,100)</u>	<u>(2,944)</u>	<u>2,851</u>	<u>(5,795)</u>
Net assets - beginning of year	169,487	168,585	902	59,985	58,036	1,949	229,472	226,621	2,851
Restatement	<u>(1,701)</u>	<u>-</u>	<u>(1,701)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,701)</u>	<u>-</u>	<u>(1,701)</u>
Net assets - beginning of year, restated	<u>167,786</u>	<u>168,585</u>	<u>(799)</u>	<u>59,985</u>	<u>58,036</u>	<u>1,949</u>	<u>227,771</u>	<u>226,621</u>	<u>1,150</u>
Net assets - end of year	<u>\$165,993</u>	<u>\$169,487</u>	<u>\$ (3,494)</u>	<u>\$ 58,834</u>	<u>\$ 59,985</u>	<u>\$ (1,151)</u>	<u>\$224,827</u>	<u>\$229,472</u>	<u>\$ (4,645)</u>

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Revenues

The City's total revenues were \$25.0 million for the year ended June 30, 2008 as compared to \$28.3 million as of June 30, 2007. Revenue from governmental activities totaled \$21.5 million in 2007-08 and \$22.4 million in 2006-07. Revenues from business-type activities totaled \$3.5 million and \$6.0 million for the years ended June 30, 2008 and 2007, respectively.

Program revenues included charges for services and grants and contributions. Program revenues were \$6.6 million in 2007-08 and \$6.5 million in 2006-07 or 31% and 29%. Revenues did not keep pace with expenses in the business-type activities, which is reflected in the reduction in net assets of \$1.1 million for the year ending June 30, 2008. During 2006-07 net assets increased by \$1.9 million.

General revenues include, among other things, taxes and intergovernmental revenues. The majority of general revenues came from property, sales and other taxes. General revenues provided \$14.9 million and \$15.8 million (69% and 71% of the total) for the years ended June 30, 2008 and 2007.

Expenses

Expenses for the City totaled \$28.0 million and \$25.5 million for the years ended June 30, 2008 and 2007, respectively. Governmental activities incurred \$23.3 million and \$21.5 million and business-type activities incurred \$4.6 million and \$4.1 million in expenses during the years ended June 30, 2008 and 2007, respectively. As can be seen in the table above, governmental activities expenses were about 28% and 30% funded by program revenues, fees, grants and contributions during the years ended June 30, 2008 and 2007. The remaining 72% and 70% (\$16.6 million and \$15.7 million) of their funding came from general revenues for the years ended June 30, 2008 and 2007. On the other hand, business-type activities expenses were 100% funded by program revenues (with the exception of interest and investment earnings), consistent with City financial policies.

Governmental Activities

As shown above in the summary of the Statement of Activities, the majority of governmental activities and operations rely on general revenues for funding. The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2008 and 2007 follows:

Cost of Services by Program
Governmental Activities
For the Years Ended June 30, 2008 and 2007
(in thousands)

Program	2008		2007	
	Total	Net	Total	Net
General government	\$ 3,534	1,624	\$ 3,048	1,616
Public safety	7,798	6,522	7,425	6,246
Parks and recreation	2,254	1,955	2,176	1,844
Development	2,859	1,125	2,303	959
Public ways and facilities	6,455	5,008	5,745	3,499
Interest on long term liabilities	445	445	769	769
Total Expenses	\$ 23,345	\$ 16,679	\$ 21,466	\$ 14,933

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

General operations throughout the City are subsidized by general revenue. For each year program revenues generated by development related programs show the funds being collected and set aside for infrastructure projects necessary to meet the needs of growth. Fees are collected under California Government Code § 66000, et seq. among other laws to provide for infrastructure to meet the needs of new development. In this program, funds are collected over a number of years to be used for capital projects or debt service directly related to growth. As the projects are completed, the City's infrastructure value grows:

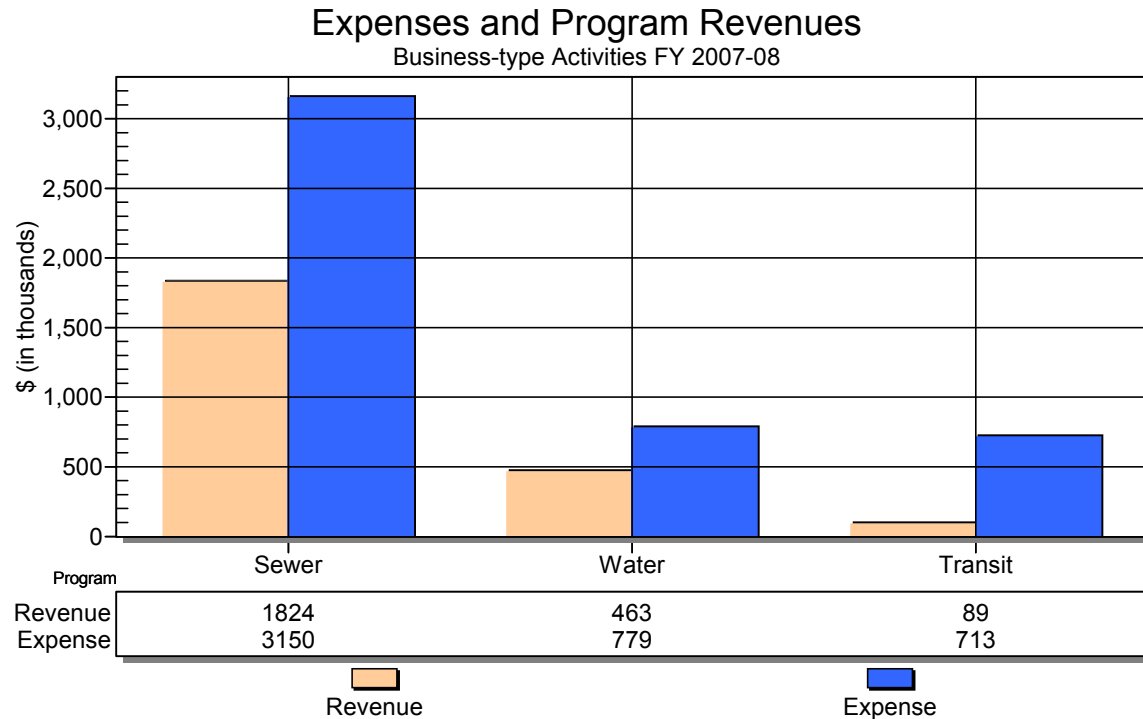
Revenues by Source
Governmental Activities
For the Years Ended June 30, 2008 and 2007
(in thousands)

	2008		2007	
	Amount	% of Total	Amount	% of Total
Revenues:				
Program revenues				
Charges for services	\$ 3,913	18.2 %	\$ 3,763	16.8 %
Operating grants and contributions	632	2.9 %	445	2.0 %
Capital grants and contributions	2,122	9.8 %	2,326	10.4 %
General revenues				
Sales and use taxes	5,504	25.5 %	6,288	28.1 %
Property taxes	5,558	25.8 %	5,335	23.8 %
Motor vehicle and gas taxes	1,790	8.3 %	1,817	8.1 %
Franchise taxes	472	2.2 %	492	2.2 %
Transient occupancy taxes	243	1.1 %	266	1.2 %
Interest and investment earnings	1,072	5.0 %	1,365	6.1 %
Rental income	36	0.2 %	33	0.1 %
Other revenue	50	0.2 %	148	0.7 %
Transfers	160	0.7 %	92	0.4 %
Total Revenues	\$ 21,552	100 %	\$ 22,370	100 %

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Business-Type Activities

The net assets for the business-type activities reflect sewer, water and transit operations. The net assets for these activities decreased by \$1.1 million during FY 2007-08. Business-type activities are intended to match program expenses and revenues as well as to collect fees and develop the infrastructure needed to expand and to maintain the respective systems. The collection of fees for expansion and the construction of capital projects do, on occasion, cause the balance between revenue and expense to vary. Following is the comparison of expenses and program revenues by source for the business-type activities for the fiscal years ended June 30, 2008 and 2007.



As stated above, program expenses and revenues are generally equivalent. The additional program revenue will be used to fund infrastructure which adds to the overall value of the City net assets.

Revenues by source in business-type activities break down as follows:

Revenues by Source
Business-type Activities
For the Years Ended June 30, 2008 and 2007
(in thousands)

Revenues by Source	2008		2007	
	Amount	% of Total	Amount	% of Total
Charges for services	\$ 2,376	68.1 %	\$ 2,115	34.7 %
Grants and contributions	577	16.5 %	3,532	57.9 %
Other	538	15.4 %	448	7.4 %
Total Revenues	\$ 3,491	100 %	\$ 6,095	100 %

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Financial Analysis of the City's Funds

The City of Dixon uses fund accounting to segregate accounts for specific activities or objectives, including demonstrating finance-related legal compliance.

Governmental Funds

The focus of the City's government funds is to provide information on near-term inflows, outflows and balances of resources that are available to provide services and capital project construction. In particular, unreserved fund balance may serve as a useful measure of a government's net spendable resources.

At the end of FY 2007-08 the City's governmental funds reported combined fund balances of \$ 20.8 million, a decrease of \$2.3 million from the prior year. This decrease is the result of the decline in revenues in the past two years. Of the total fund balance of \$20.8 million, approximately \$2.2 million is designated for equipment replacement and approximately \$3.4 million is undesignated. Of the remaining governmental fund balance of \$15.2 million, \$7.6 million is reserved and not available for new spending because it has been committed to pay for prior year commitments and other specific requirements.

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

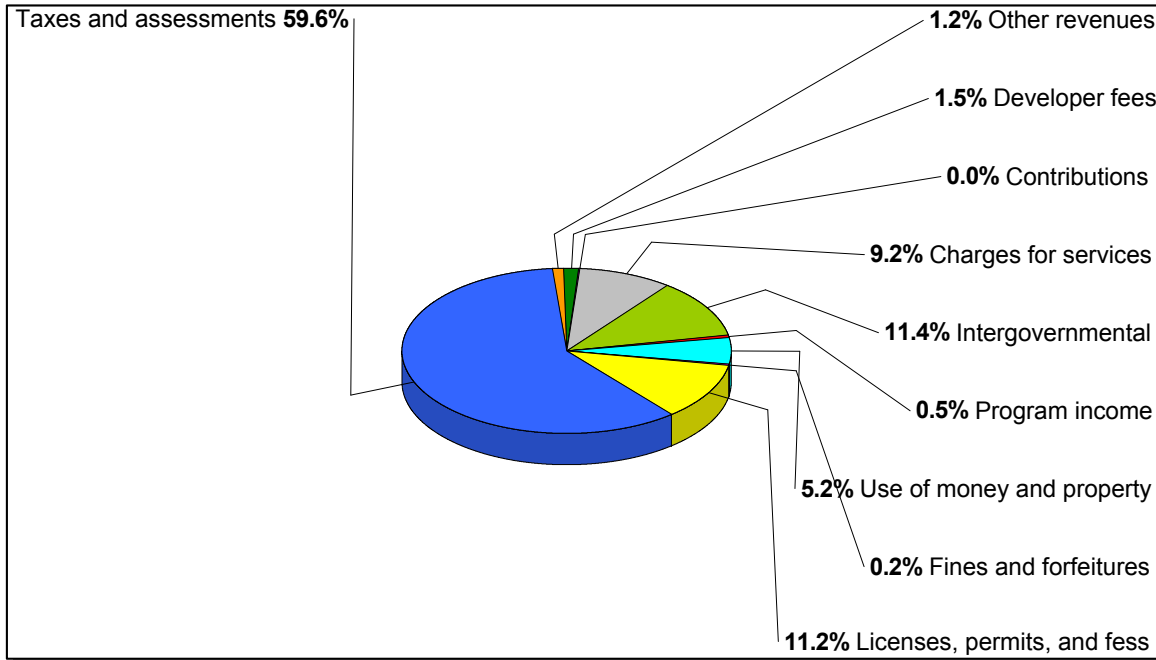
Revenues Classified by Source
Governmental Funds
For the Years Ended June 30, 2008 and 2007
(in thousands)

	2008		2007	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>
Revenues by Source				
Taxes and assessments	\$ 12,820	59.6 %	\$ 13,343	57.7 %
Licenses, permits, and fees	2,402	11.2 %	2,913	12.6 %
Fines and forfeitures	52	0.2 %	70	0.3 %
Use of money and property	1,108	5.1 %	1,394	6.0 %
Program income	111	0.5 %	768	3.3 %
Intergovernmental revenues	2,459	11.4 %	1,193	5.2 %
Charges for services	1,974	9.2 %	1,349	5.8 %
Contributions	4	- %	1,142	4.9 %
Developer fees	322	1.5 %	601	2.6 %
Other revenue	<u>265</u>	<u>1.2 %</u>	<u>336</u>	<u>1.5 %</u>
Total Revenue	<u>\$ 21,517</u>	<u>100 %</u>	<u>\$ 23,109</u>	<u>100 %</u>

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

Revenues by Source

Governmental Funds FY 2007-08



Key elements of the changes noted above include:

Taxes and assessments provide the greatest source of revenues for the City. These sources represent 59% of total revenues. The decline in collections is largely the result of the effect of economic conditions on consumer spending.

Intergovernmental revenues reflect revenue received from other agencies for capital projects. During FY 2007-08 these revenues increased by \$1.26 million and represent about 11.4% of revenues, an increase from 5.0% in FY 2006-07. The increase is mainly from various public work project including street, storm water and sewer improvement projects.

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

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

Expenditures by Function
Governmental Funds
For the Years Ended June 30, 2008 and 2007
(in thousands)

Expenditures by Function	2008		2007	
	Amount	% of Total	Amount	% of Total
General government	\$ 3,554	14.8 %	\$ 2,939	12.8 %
Public safety	7,530	31.4 %	7,114	31.1 %
Parks and recreation	1,711	7.1 %	1,481	6.5 %
Development	2,880	12.0 %	2,665	11.6 %
Public ways and facilities	2,884	12.0 %	2,667	11.6 %
Debt service				
Principal	375	1.6 %	465	2.0 %
Interest and other charges	438	1.8 %	762	3.3 %
Capital outlay	<u>4,602</u>	<u>19.2 %</u>	<u>4,807</u>	<u>21.0 %</u>
Total Expenditures	\$ <u>23,974</u>	<u>100 %</u>	\$ <u>22,900</u>	<u>100 %</u>

Key elements of the changes noted above include:

General government spending increased by 20% from the prior year due to increases in liability and workman's compensation costs passed on to the City as member of the Northern California Cities Self Insurance Fund (NCCSIF).

Public safety spending reflects an increase of 5.8% and 2.9% for the years ended June 30, 2008 and 2007, respectively, made up of increases in personnel costs and operating expenses.

The increase of 15% in parks and recreation reflects to the program costs associated with the new performing arts center completed during the fiscal year ending June 30, 2008.

Proprietary Funds

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail.

At June 30, 2008 and 2007, respectively, the unrestricted net assets were approximately \$.28 million and \$.3 million for the Dixon interest in Dixon-Solano Municipal Water Service (DSMWS). Unrestricted net assets in the Sewer fund were \$2.4 million at June 30, 2008 and \$.6 million at June 30, 2007. The Transit Fund shows a decrease in net assets to \$.19 million in 2008 from \$.23 million in 2007 as result of a deficit of \$.45 million.

Operations of proprietary funds showed an increase of 16% in operating revenues and an increase of 15% in operating expenses, mainly in the sewer fund.

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

GENERAL FUND BUDGETARY HIGHLIGHTS

Starting July 1, 2007, the City began spending more in General Fund expenditures than revenues and used reserves to balance the budget. Despite the use of reserves the City was fortunate enough to start FY 2008-09 with a projected 17% reserve. The actual ending reserve for the FY 2007-08 turned out to higher at 18%. The Council approved a General Fund budget of \$15.5 million for FY 2008-09 which required the use of \$842,000 in reserves with a projected 13% ending reserve balance.

Revised projections, made as of January 20, 2009, show a projected 11% ending reserve balance and a projected shortfall of \$1.8 million for the fiscal year. Revenues have dropped significantly for the City. In FY 2007-08 revenues were \$16 million. In FY 2008-09 revenues are projected to be \$13.8 million. To address this challenge, the City is in the process of revising both current and next year's budgets in order to cut \$1.9 million in expenditures in FY 2009-10. Also to address the revenue shortfall a Comprehensive User Fee Study was brought before the City Council during the FY 2007-08 and is currently under consideration for implementation.

The budget will also need to be reduced for the current fiscal year. This trend is again reflected in the reduction of revenue from development during the past year.

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, 2008 and 2007, respectively, was \$210.7 million and \$211.4 million (net of accumulated depreciation). This investment in capital assets includes: infrastructure, land, buildings, improvements other than buildings, construction in progress and equipment. The total decrease in the City's investment in capital assets for FY 2007-08 was \$.7 million and reflects the decline in growth taking place in prior years. In 2006-07 the increase of \$3.5 million, prior to depreciation, came from various public work project including street, storm water and sewer improvement projects.

For government-wide financial statement presentation, all depreciable capital assets are depreciated from the start of the year following acquisition over their useful lives. Governmental fund financial statements record capital asset purchases as expenditures. Capital assets for the governmental and business-type activities are presented in the following table to illustrate changes from the prior year:

Capital Assets (net of depreciation)
As of June 30, 2008 and 2007
(in thousands)

	2008			2007		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
Land	\$ 2,738	\$ 785	\$ 3,523	\$ 2,738	\$ 785	\$ 3,523
Construction in progress	3,478	2,768	6,246	4,966	4,832	9,798
Buildings & improvements	8,188	53,666	61,854	8,237	52,535	60,772
Equipment	2,672	365	3,037	2,698	345	3,043
Infrastructure	<u>136,086</u>	<u>-</u>	<u>136,086</u>	<u>134,310</u>	<u>-</u>	<u>134,310</u>
Total Net Capital Assets	<u>\$ 153,162</u>	<u>\$ 57,584</u>	<u>\$ 210,746</u>	<u>\$ 152,949</u>	<u>\$ 58,497</u>	<u>\$ 211,446</u>

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

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

DEBT ADMINISTRATION

During FY 2007-08 and FY 2006-07 the City issued no new debt. At the end of FY 2007-08, the City of Dixon had outstanding bonds and other long-term liabilities of \$8.4 million for governmental activities and \$1.9 million for business-type activities, respectively. Bonds comprised all but about \$2.8 million of the City's long-term liabilities. The bonds are rated from BAA to AAA under the Standard & Poor's rating system. Additional information about the City's long-term obligations can be found in Note 6 in the Notes to Basic Financial Statements. The following table recaps the City's bonds payable as of June 30, 2008:

Bonded Debt - Long Term
Outstanding Balances
As of June 30, 2008
(in thousands)

<u>Bond</u>	<u>Purpose</u>	<u>Amount</u>
Governmental Activities:		
1981 FHA lease revenue bond	City Hall	\$ 535
1995 Tax allocation refunding bonds	Redevelopment	3,450
1996 Refunding lease revenue bonds	Police station	1,085
1997 Dixon fire station project bonds	Fire station	<u>2,385</u>
Total Governmental Activities		<u>\$ 7,455</u>
Business-type Activities:		
1996 Lease revenue bonds	Sewer system	<u>\$ 1,865</u>

Special Assessment District Debt:

Two special assessment districts and one financing authority in the City have in the past also issued debt to finance infrastructure in their respective districts. The bonds were refinanced and combined in 1998, in order to take advantage of lower interest rates. As of June 30, 2008 and 2007, a total of \$33.5 and \$36.5 million of this debt was outstanding. This debt is secured by special assessments on the real property in the districts issuing the debt, and is a limited obligation of the City. The City's only responsibilities are to collect assessments from the property owners and take actions to collect delinquent special assessments from property owners in accordance with the City's covenant with the bondholders.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the present time development has just about been halted with no current projects on the horizon. This trend is a reflection of the continued deterioration of the national and state economy. Subsequent events in the national and state economy have made this a very challenging fiscal year. The budget for the current and next fiscal year will need to be reduced in order for the City to adapt to the lack of development which started in FY 2006-07 and is expected to continue through the next fiscal year.

The City's proprietary funds face other challenges. To meet these challenges a substantial rate increase for Sewer fees was approved during the current fiscal. A long term financial plan and rate and fee study for the Dixon Solano Municipal Water Services (DSMWS) is currently underway to deal with under recovery of the costs associated with delivery of water to the citizens. In addition, Transit fares which have remained at their current levels are also under consideration for an increase.

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2008

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Dixon'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 Sandra Sato, Interim Finance and Technology Director for the City at 600 East A Street, Dixon, CA 95620, phone 707-678-7000, ssato@ci.dixon.ca.us, or you may visit our website at www.ci.dixon.ca.us for information.

CITY OF DIXON
STATEMENT OF NET ASSETS
JUNE 30, 2008

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments (Note 2)	\$ 19,170,586	\$ 4,069,756	\$ 23,240,342
Accounts receivable	1,499,477	404,092	1,903,569
Interest receivable	34,493	2,165	36,658
Taxes receivable	280,307	-	280,307
Due from other governments	54,869	52,359	107,228
Notes receivable, net of allowance \$2,519,745 (Note 3)	339,317	-	339,317
Internal balances	1,116,720	(1,116,720)	-
Prepaid expenses	219,658	-	219,658
Inventory	1,521	-	1,521
Restricted cash and cash equivalents (Note 2)	446,905	372,606	819,511
Deferred charges, net of accumulated amortization (Note 6)	145,195	41,867	187,062
Capital assets (Note 5)			
Land and construction in progress	6,215,324	3,553,067	9,768,391
Other capital assets, net of depreciation	<u>146,945,903</u>	<u>54,030,929</u>	<u>200,976,832</u>
Total capital assets	<u>153,161,227</u>	<u>57,583,996</u>	<u>210,745,223</u>
Total Assets	<u>\$ 176,470,275</u>	<u>\$ 61,410,121</u>	<u>\$ 237,880,396</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 1,154,135	\$ 174,874	\$ 1,329,009
Accrued payroll and benefits	262,904	18,328	281,232
Accrued interest payable	123,094	36,352	159,446
Deferred revenue	249,148	184,038	433,186
Deposits payable	306,058	237,526	543,584
Accrued compensated absences (Note 6):			
Due within one year	14,689	43,385	58,074
Due in more than one year	912,255	16,243	928,498
Long-term liabilities (Note 6):			
Due within one year	400,000	90,000	490,000
Due in more than one year	<u>7,055,000</u>	<u>1,775,000</u>	<u>8,830,000</u>
Total Liabilities	<u>10,477,283</u>	<u>2,575,746</u>	<u>13,053,029</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	145,706,227	55,718,996	201,425,223
Restricted for:			
Debt service	1,011,245	372,606	1,383,851
Housing projects	2,000,904	-	2,000,904
Redevelopment activities	1,799,005	-	1,799,005
Unrestricted	<u>15,475,611</u>	<u>2,742,773</u>	<u>18,218,384</u>
Total Net Assets	<u>165,992,992</u>	<u>58,834,375</u>	<u>224,827,367</u>
Total Liabilities and Net Assets	<u>\$ 176,470,275</u>	<u>\$ 61,410,121</u>	<u>\$ 237,880,396</u>

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	\$ 3,533,933	\$ 1,883,968	\$ 5,000	\$ 21,339	\$ (1,623,626)	\$ -	\$ (1,623,626)
Public safety	7,797,900	778,089	280,156	217,692	(6,521,963)	-	(6,521,963)
Parks and recreation	2,253,682	232,811	-	65,962	(1,954,909)	-	(1,954,909)
Development	2,858,749	543,667	44,840	1,145,727	(1,124,515)	-	(1,124,515)
Public ways and facilities	6,455,175	474,701	301,646	670,848	(5,007,980)	-	(5,007,980)
Interest and fiscal charges	445,225	-	-	-	(445,225)	-	(445,225)
Total governmental activities	<u>23,344,664</u>	<u>3,913,236</u>	<u>631,642</u>	<u>2,121,568</u>	<u>(16,678,218)</u>	<u>-</u>	<u>(16,678,218)</u>
Business-type activities:							
Sewer	3,150,121	1,824,226	-	-	-	(1,325,895)	(1,325,895)
Water	779,192	463,369	-	-	-	(315,823)	(315,823)
Transit	713,498	88,848	577,482	-	-	(47,168)	(47,168)
Total business-type activities	<u>4,642,811</u>	<u>2,376,443</u>	<u>577,482</u>	<u>-</u>	<u>-</u>	<u>(1,688,886)</u>	<u>(1,688,886)</u>
Total primary government	<u>\$ 27,987,475</u>	<u>\$ 6,289,679</u>	<u>\$ 1,209,124</u>	<u>\$ 2,121,568</u>	<u>\$ (16,678,218)</u>	<u>\$ (1,688,886)</u>	<u>\$ (18,367,104)</u>
General revenues:							
Property taxes					\$ 5,557,819	\$ -	\$ 5,557,819
Sales and use taxes					5,504,153	-	5,504,153
Motor vehicle and gas taxes					1,789,619	-	1,789,619
Franchise taxes					471,827	-	471,827
Transient occupancy taxes					243,285	-	243,285
Interest and investment earnings					1,071,754	249,470	1,321,224
Rental income					36,452	-	36,452
Other revenue					49,993	449,090	499,083
Transfers					160,285	(160,285)	-
Total general revenues and transfers					<u>14,885,187</u>	<u>538,275</u>	<u>15,423,462</u>
Change in net assets					(1,793,031)	(1,150,611)	(2,943,642)
Net assets - July 1, 2007					169,487,196	59,984,986	229,472,182
Prior period restatement (Note 14)					(1,701,173)	-	(1,701,173)
Net assets - July 1, 2007, restated					<u>167,786,023</u>	<u>59,984,986</u>	<u>227,771,009</u>
Net assets - June 30, 2008					<u>\$ 165,992,992</u>	<u>\$ 58,834,375</u>	<u>\$ 224,827,367</u>

See accompanying notes to the basic financial statements.

CITY OF DIXON
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General Fund</u>	<u>Low/Moderate Income Housing</u>	<u>Trans- portation</u>	<u>Storm Drain</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 5,092,695	\$ 2,028,130	\$ 3,425,159	\$ 807,544	\$ 7,817,058	\$ 19,170,586
Restricted cash	-	-	-	-	446,905	446,905
Accounts receivable	1,328,169	-	-	-	171,308	1,499,477
Interest receivable	20,873	4,903	1,659	5	7,053	34,493
Taxes receivable	280,307	-	-	-	-	280,307
Notes receivable	-	2,237,663	-	-	621,399	2,859,062
Due from other funds	272,806	-	-	-	-	272,806
Advances to other funds	-	-	1,842,663	-	831,470	2,674,133
Due from other governments	-	-	54,869	-	-	54,869
Prepaid expenses	219,658	-	-	-	-	219,658
Inventory	1,521	-	-	-	-	1,521
Total Assets	<u>\$ 7,216,029</u>	<u>\$ 4,270,696</u>	<u>\$ 5,324,350</u>	<u>\$ 807,549</u>	<u>\$ 9,895,193</u>	<u>\$ 27,513,817</u>
LIABILITIES AND FUND BALANCES (DEFICITS)						
LIABILITIES						
Accounts payable	\$ 555,012	\$ 32,129	\$ 311,465	\$ 1,177	\$ 254,352	\$ 1,154,135
Accrued payroll and benefits	277,593	-	-	-	-	277,593
Deferred revenue	193,554	2,237,663	-	-	676,992	3,108,209
Deposits payable	306,058	-	-	-	-	306,058
Due to other funds	7,952	-	-	-	263,750	271,702
Advances from other funds	-	-	-	1,558,517	-	1,558,517
Total Liabilities	<u>1,340,169</u>	<u>2,269,792</u>	<u>311,465</u>	<u>1,559,694</u>	<u>1,195,094</u>	<u>6,676,214</u>
FUND BALANCES (DEFICITS)						
Reserved for:						
Encumbrances	92,257	-	-	-	-	92,257
Low and moderate housing	-	2,000,904	-	-	-	2,000,904
Debt service	-	-	-	-	1,011,245	1,011,245
Advances to other funds	-	-	1,842,663	1,558,517	831,470	4,232,650
Inventory	1,521	-	-	-	-	1,521
Prepaid expenditures	219,658	-	-	-	-	219,658
Unreserved:						
General fund	5,562,424	-	-	-	-	5,562,424
Special revenue funds	-	-	-	-	2,199,727	2,199,727
Capital projects funds	-	-	3,170,222	(2,310,662)	4,657,657	5,517,217
Total Fund Balances (Deficits)	<u>5,875,860</u>	<u>2,000,904</u>	<u>5,012,885</u>	<u>(752,145)</u>	<u>8,700,099</u>	<u>20,837,603</u>
Total Liabilities and Fund Balances	<u>\$ 7,216,029</u>	<u>\$ 4,270,696</u>	<u>\$ 5,324,350</u>	<u>\$ 807,549</u>	<u>\$ 9,895,193</u>	<u>\$ 27,513,817</u>

See accompanying notes to the basic financial statements.

CITY OF DIXON
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2008

Total fund balances of governmental funds	\$	20,837,603
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds, net of accumulated depreciation of \$43,078,453		153,161,227
Certain notes, loans, and interest receivables are not available to pay for current period expenditures and, therefore are offset by deferred revenue in the governmental funds.		
Notes receivable		(2,519,745)
Deferred revenue		2,859,061
Long-term liabilities and compensated absences are not due in the current period and, therefore are not reported in the governmental funds.		
Long-term liabilities		(7,455,000)
Compensated absences		(912,255)
Deferred charges, net of accumulated amortization of \$177,713 for debt issuance costs and discounts on long-term liabilities are expensed when incurred and, therefore are not reported in the governmental funds.		145,195
Accrued interest payable from the current portion of interest due on long-term liabilities has not been reported in the governmental funds.		<u>(123,094)</u>
Net assets of governmental activities	\$	<u><u>165,992,992</u></u>

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	<u>General Fund</u>	<u>Low/Moderate Income Housing</u>	<u>Trans- portation</u>	<u>Storm Drain</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES</u>						
Taxes and assessments	\$ 10,180,704	\$ 470,065	\$ -	\$ -	\$ 2,169,032	\$ 12,819,801
License, permits, and fees	2,401,748	-	-	-	-	2,401,748
Fines and forfeitures	14,493	-	-	-	37,398	51,891
Use of money and property	327,407	129,372	199,096	10,864	441,467	1,108,206
Program income	-	50,560	-	-	60,929	111,489
Intergovernmental	293,031	-	454,869	-	1,711,530	2,459,430
Charges for services	1,974,074	-	-	-	-	1,974,074
Contributions	-	-	4,000	-	-	4,000
Developer fees	-	-	43,444	24,888	253,238	321,570
Other revenues	<u>264,929</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>197</u>	<u>265,126</u>
Total Revenues	<u>15,456,386</u>	<u>649,997</u>	<u>701,409</u>	<u>35,752</u>	<u>4,673,791</u>	<u>21,517,335</u>
<u>EXPENDITURES</u>						
General administration	3,548,020	-	1,953	-	4,430	3,554,403
Public safety	7,501,209	-	-	1,750	27,264	7,530,223
Parks and recreation	1,710,663	-	-	-	-	1,710,663
Development	861,366	885,470	-	-	1,133,397	2,880,233
Public ways and facilities	2,470,211	-	-	3,102	410,248	2,883,561
Capital outlay	178,211	-	821,637	1,070,343	2,531,723	4,601,914
Debt service:						
Principal	-	-	-	-	375,000	375,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>438,394</u>	<u>438,394</u>
Total Expenditures	<u>16,269,680</u>	<u>885,470</u>	<u>823,590</u>	<u>1,075,195</u>	<u>4,920,456</u>	<u>23,974,391</u>
Excess (deficiency) of Revenues over Expenditures	<u>(813,294)</u>	<u>(235,473)</u>	<u>(122,181)</u>	<u>(1,039,443)</u>	<u>(246,665)</u>	<u>(2,457,056)</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in	887,174	-	1,247,604	70,000	860,363	3,065,141
Transfers out	<u>(17,847)</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>(2,857,009)</u>	<u>(2,904,856)</u>
Total Other Financing Sources (Uses)	<u>869,327</u>	<u>(30,000)</u>	<u>1,247,604</u>	<u>70,000</u>	<u>(1,996,646)</u>	<u>160,285</u>
Net Change in Fund Balance	56,033	(265,473)	1,125,423	(969,443)	(2,243,311)	(2,296,771)
Fund Balances - July 1, 2007	<u>5,819,827</u>	<u>2,266,377</u>	<u>3,887,462</u>	<u>217,298</u>	<u>10,943,410</u>	<u>23,134,374</u>
Fund Balances (Deficits) - June 30, 2008	<u>\$ 5,875,860</u>	<u>\$ 2,000,904</u>	<u>\$ 5,012,885</u>	<u>\$ (752,145)</u>	<u>\$ 8,700,099</u>	<u>\$ 20,837,603</u>

See accompanying notes to the basic financial statements.

CITY OF DIXON
RECONCILIATION OF THE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

Reconciliation of the change in fund balances - total governmental funds to the change in net assets of governmental activities:

Net change in fund balances - total governmental funds	\$ (2,296,771)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation as expense to allocate those expenditures over the life of the assets:	
Capital asset purchases	4,375,636
Depreciation expense	(4,163,178)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	
Bond principal payments	375,000
Compensated absence expenditures reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in a governmental fund. This is the net change in compensated absences for the current period.	
	24,100
Costs associated with the issuance of long-term liabilities is an expenditure in the governmental funds, but increases the assets in the Statement of Net Assets	
Amortization of bond issuance costs	(14,858)
Receipts of payments and disbursements of funds related to notes and loans receivable are reported as revenue and expenditures, respectively, in governmental funds, but an increase and decrease, respectively, in notes receivable in the Statement of Net Assets	
Loan program receipts	(71,117)
Loans made during the year	843,572
Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period.	
	8,027
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Allowance for notes receivable	(818,572)
Revenue not recognized in the governmental funds in the prior year were accrued in the statement of net assets as they were earned but not received.	
	<u>(54,870)</u>
Change in net assets of governmental activities	<u>\$ (1,793,031)</u>

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Business-type Activities - Enterprise Funds			
	Dixon-Solano Municipal Water Service (Dixon- Interest)			
	Sewer		Transit	Totals
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 3,296,958	\$ 730,152	\$ 42,646	\$ 4,069,756
Accounts receivable	304,215	99,837	40	404,092
Interest receivable	1,714	406	45	2,165
Due from other governments	<u>29,854</u>	<u>-</u>	<u>22,505</u>	<u>52,359</u>
Total Current Assets	<u>3,632,741</u>	<u>830,395</u>	<u>65,236</u>	<u>4,528,372</u>
Non Current Assets				
Restricted cash	372,606	-	-	372,606
Deferred issuance costs, net	41,867	-	-	41,867
Capital assets, net of accumulated depreciation	<u>46,650,242</u>	<u>10,748,303</u>	<u>185,451</u>	<u>57,583,996</u>
Total Non-Current Assets	<u>47,064,715</u>	<u>10,748,303</u>	<u>185,451</u>	<u>57,998,469</u>
Total Assets	<u>\$ 50,697,456</u>	<u>\$ 11,578,698</u>	<u>\$ 250,687</u>	<u>\$ 62,526,841</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 34,544	\$ 120,546	\$ 19,784	\$ 174,874
Accrued salary and benefits	10,102	-	8,226	18,328
Accrued interest payable	36,352	-	-	36,352
Deposits payable	-	237,526	-	237,526
Due to other funds	1,104	-	-	1,104
Advances from other funds	1,115,616	-	-	1,115,616
Deferred revenue	-	184,038	-	184,038
Compensated absences - current	21,423	-	21,962	43,385
Bonds payable - current	<u>90,000</u>	<u>-</u>	<u>-</u>	<u>90,000</u>
Total Current Liabilities	<u>1,309,141</u>	<u>542,110</u>	<u>49,972</u>	<u>1,901,223</u>
Non-Current Liabilities				
Compensated absences	8,200	-	8,043	16,243
Bonds payable	<u>1,775,000</u>	<u>-</u>	<u>-</u>	<u>1,775,000</u>
Total Non-Current Liabilities	<u>1,783,200</u>	<u>-</u>	<u>8,043</u>	<u>1,791,243</u>
Total Liabilities	<u>3,092,341</u>	<u>542,110</u>	<u>58,015</u>	<u>3,692,466</u>
NET ASSETS:				
Invested in capital assets, net of related debt	44,785,242	10,748,303	185,451	55,718,996
Restricted for debt service	372,606	-	-	372,606
Unrestricted	<u>2,447,267</u>	<u>288,285</u>	<u>7,221</u>	<u>2,742,773</u>
Total Net Assets	<u>47,605,115</u>	<u>11,036,588</u>	<u>192,672</u>	<u>58,834,375</u>
Total Liabilities and Net Assets	<u>\$ 50,697,456</u>	<u>\$ 11,578,698</u>	<u>\$ 250,687</u>	<u>\$ 62,526,841</u>

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds			
	Sewer	Dixon-Solano Municipal Water Service (Dixon- Interest)	Transit	Totals
<u>OPERATING REVENUES</u>				
Charges for services, net of refunds	\$ 1,414,685	\$ 463,369	\$ 88,848	\$ 1,966,902
Other revenue	<u>409,541</u>	<u>-</u>	<u>-</u>	<u>409,541</u>
Total Operating Revenue	<u>1,824,226</u>	<u>463,369</u>	<u>88,848</u>	<u>2,376,443</u>
<u>OPERATING EXPENSES</u>				
Salaries and benefits	547,023	20	436,890	983,933
Materials, supplies, and operational expenses	37,113	11,790	1,393	50,296
Repairs and maintenance	249,009	265,387	105,915	620,311
Power and utilities	62,573	126,733	5,066	194,372
Contractual services	129,111	865	11,226	141,202
Administration	620,262	60,652	93,318	774,232
Miscellaneous	5,732	612	-	6,344
Depreciation and amortization	<u>1,392,421</u>	<u>313,133</u>	<u>59,690</u>	<u>1,765,244</u>
Total Operating Expenses	<u>3,043,244</u>	<u>779,192</u>	<u>713,498</u>	<u>4,535,934</u>
Operating Income (Loss)	<u>(1,219,018)</u>	<u>(315,823)</u>	<u>(624,650)</u>	<u>(2,159,491)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Interest income	202,420	45,718	1,332	249,470
Interest expense	(106,877)	-	-	(106,877)
Intergovernmental revenues	-	-	577,482	577,482
Other revenues	<u>-</u>	<u>449,090</u>	<u>-</u>	<u>449,090</u>
Total Non-Operating Revenues	<u>95,543</u>	<u>494,808</u>	<u>578,814</u>	<u>1,169,165</u>
Income (Loss) Before Transfers	<u>(1,123,475)</u>	<u>178,985</u>	<u>(45,836)</u>	<u>(990,326)</u>
<u>TRANSFERS</u>				
Transfers in	-	-	-	-
Transfers out	<u>(160,285)</u>	<u>-</u>	<u>-</u>	<u>(160,285)</u>
Total Transfers	<u>(160,285)</u>	<u>-</u>	<u>-</u>	<u>(160,285)</u>
Change in net assets	(1,283,760)	178,985	(45,836)	(1,150,611)
Total Net Assets - July 1, 2007	<u>48,888,875</u>	<u>10,857,603</u>	<u>238,508</u>	<u>59,984,986</u>
Total Net Assets - June 30, 2008	<u>\$ 47,605,115</u>	<u>\$ 11,036,588</u>	<u>\$ 192,672</u>	<u>\$ 58,834,375</u>

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities - Enterprise Funds			
	Sewer	Dixon-Solano Municipal Water Service (Dixon -Interest)	Transit	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 1,880,136	\$ 82,989	\$ 88,808	\$ 2,051,933
Cash paid to suppliers	(1,130,591)	(1,048,017)	(203,568)	(2,382,176)
Cash paid to employees	(542,208)	-	(430,662)	(972,870)
Net Cash Provided (Used) by Operating Activities	<u>207,337</u>	<u>(965,028)</u>	<u>(545,422)</u>	<u>(1,303,113)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Intergovernmental revenues received	-	-	582,732	582,732
Due to (from) other funds	(434,996)	-	582,732	147,736
Transfers to other funds	(160,285)	-	-	(160,285)
Net Cash Provided (Used) by Non-capital Financing Activities	<u>(595,281)</u>	<u>-</u>	<u>582,732</u>	<u>(12,549)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital contributions	-	449,090	-	449,090
Acquisition of capital assets	(328,466)	(461,463)	(59,699)	(849,628)
Principal paid on capital debt	(85,000)	-	-	(85,000)
Interest paid on capital debt	(106,877)	-	-	(106,877)
Net Cash Used for Capital and Related Financing Activities	<u>(520,343)</u>	<u>(12,373)</u>	<u>(59,699)</u>	<u>(592,415)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	217,512	52,461	1,409	271,382
Net Cash Provided by Investing Activities	<u>217,512</u>	<u>52,461</u>	<u>1,409</u>	<u>271,382</u>
Net Decrease in Cash and Cash Equivalents	(690,775)	(924,940)	(20,980)	(1,636,695)
Cash and Cash Equivalents-July 1, 2007	<u>4,360,339</u>	<u>1,655,092</u>	<u>63,626</u>	<u>6,079,057</u>
Cash and Cash Equivalents - June 30, 2008	<u>\$ 3,669,564</u>	<u>\$ 730,152</u>	<u>\$ 42,646</u>	<u>\$ 4,442,362</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets				
Cash and cash equivalents	\$ 3,296,958	\$ 730,152	\$ 42,646	\$ 4,069,756
Restricted cash	372,606	-	-	372,606
Cash and Cash Equivalents - June 30, 2008	<u>\$ 3,669,564</u>	<u>\$ 730,152</u>	<u>\$ 42,646</u>	<u>\$ 4,442,362</u>

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

**RECONCILIATION OF OPERATING
LOSS TO NET CASH PROVIDED
(USED) BY OPERATING ACTIVITIES:**

	<u>Sewer</u>	<u>Dixon-Solano Municipal Water Service (Dixon -Interest)</u>	<u>Transit</u>	<u>Totals</u>
Operating Loss	\$ (1,219,018)	\$ (315,823)	\$ (624,650)	\$ (2,159,491)
Adjustments to reconcile operating loss to net cash provided by operating activities:				
Depreciation expense	1,389,250	313,133	59,690	1,762,073
Amortization	3,169	-	-	3,169
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable	19,238	5,813	(40)	25,011
Decrease in notes receivable	36,672	-	-	36,672
Increase (decrease) in accounts payable	(26,791)	(581,958)	13,350	(595,399)
Decrease in deferred revenue	-	(386,893)	-	(386,893)
Increase in deposits payable	-	700	-	700
Increase in accrued wages	1,646	-	2,167	3,813
Increase in compensated absences	<u>3,171</u>	<u>-</u>	<u>4,061</u>	<u>7,232</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 207,337</u>	<u>\$ (965,028)</u>	<u>\$ (545,422)</u>	<u>\$ (1,303,113)</u>

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2008

<u>ASSETS</u>	<u>Agency Funds</u>
Cash and cash equivalents	\$ 3,822,889
Accounts receivable	99,837
Interest receivable	2,104
Restricted cash	<u>3,625,033</u>
Total Assets	\$ <u>7,549,863</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 120,878
Deposits payable	237,526
Interest payable	654,753
Deferred revenue	184,038
Due to special assessment districts	<u>6,352,668</u>
Total Liabilities	\$ <u>7,549,863</u>

See accompanying notes to the basic financial statements.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Dixon (the "City") was incorporated in March 1878 under the laws and regulations of the State of California. The City operates under a City Manager-Council form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, culture-recreation, public improvements, planning and zoning and general administrative services.

A. The Reporting Entity

The accompanying basic financial statements present the financial activity of the City along with the financial activities of its blended component units, which are entities for which the City is financially accountable. Together these entities comprise the primary government for reporting purposes. Although they are separate legal entities, *blended* component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component units, which are described below, are all blended.

City of Dixon Redevelopment Agency

The City of Dixon Redevelopment Agency (the "Redevelopment Agency") was formed as a separate legal entity under the Community Redevelopment Law. The City Council acts as the governing board of the Redevelopment Agency in concurrent session. The City Manager acts as the Redevelopment Agency's executive director. The annual budget is approved by the Redevelopment Agency's Board of Directors. The State's redevelopment process provides communities at a local level with a comprehensive tool for economic development. These tools are the powers of land assembly and site preparation for private development, the ability to finance necessary public improvements, the authority to impose conditions and restrictions for the quality of developments of an area, and the capability to broaden financing capabilities utilizing a variety of public and private sources. The major source of financing to undertake redevelopment is a "tax increment." Tax increment is the additional property taxes that are paid on the value of new development within the redevelopment project area. This increment can then be leveraged for financial investments to fund the identified projects. The redevelopment and low/moderate income housing programs of the Redevelopment Agency are reported as special revenue funds. The Redevelopment Agency has one project area. Audited financial statements for the Redevelopment Agency may be obtained from the City of Dixon, 600 East A Street, Dixon, California, 95620.

Dixon Public Financing Authority

The Dixon Public Financing Authority (the "Authority") was formed as a joint powers authority between the City and the Redevelopment Agency to serve as a financing mechanism of various capital projects. The City Council acts as the governing board in a concurrent session, as necessary. The bond issuance authorizations are approved by the City's Council and the legal ability for the Authority's debt remains with the City. The Authority provides services solely for the benefit of the City and is presented as a debt service fund. No separate financial statements are issued for the Authority.

Dixon Public Improvement Corporation

The Dixon Public Improvement Corporation (the "Corporation") is governed by a board comprised of the City Council. Bond issuance authorizations are approved by the City Council and legal liability for the Corporation's debt remains with the City. The Corporation provides services solely for the benefit of the City and repayment of Corporation debt is accounted for in the City Hall Debt Service Fund. No separate financial statements are issued for the Corporation.

The City also participates in the following organizations that do not meet the definition of component units:

Dixon-Solano Municipal Water Service (DSMWS): The DSMWS was created in July 1984 under a joint exercise of powers agreement between the City and the Solano Irrigation District to provide water for domestic, industrial, municipal and irrigation purposes in DSMWS's service area. DSMWS is managed by a four-member joint water committee made up of the Dixon City Manager, the Solano Irrigation District Manager, a City Council member, and a member of the Solano Irrigation District Board of Directors. Governing decisions are made jointly by the City Council and the Solano Irrigation District Board of Directors. The City provides record keeping services for DSMWS.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City's interest is reported as the Dixon-Solano Municipal Water Service (Dixon Interest) as an enterprise fund. The Solano Irrigation District's interest in DSMWS is reported as the Dixon-Solano Municipal Water Service (SID) agency fund. Each participant in DSMWS has a one-half interest in DSMWS's facilities as well as revenues and expenses, other than certain facilities contributed by SID. Upon termination of the agreement, all DSMWS property, other than certain facilities contributed by SID, will be returned equally to the participants. Certain facilities contributed by SID will be returned by SID. Audited financial statements for the Dixon-Solano Municipal Water Service may be obtained from the City of Dixon, 600 East A Street, Dixon, California, 95620.

Vacaville-Dixon Greenbelt Authority (VDG Authority): The VDG Authority was organized under a joint powers agreement with the City of Vacaville to purchase land to serve as a greenbelt between the cities of Dixon and Vacaville. The VDG Authority is governed by a five-member Board made up of two members appointed by the City Council of each city and an ex-officio member from the Solano County Board of Supervisors. The City of Vacaville provides record keeping services for the VDG Authority. The City of Dixon's one-half interest is reported as the Vacaville/Dixon Greenbelt Authority capital project fund. Upon termination of the agreement, all of VDG Authority's assets will be returned equally to the participants.

Dixon Regional Watershed Joint Powers Authority (the DRWJPA): The DRWJPA was organized under a joint powers agreement with the Dixon Resource Conservation District, the Maine Prairie Water District and Reclamation District No. 268 (the members) to implement the Dixon Watershed Management Plan using the services of the Solano County Water Agency. The DRWJPA is governed by a nine member Board made up of two members appointed by the governing bodies of each of the members above and an at large member elected by a voting majority of the appointed members. Upon termination of the agreement, all assets will be returned to the members contributing the assets or shall pass to all parties as tenants in common.

Dixon Fire Protection District (the Fire District): The City entered into a joint powers agreement with the Dixon Fire Protection District to provide fire protection services to the entire territory of the Fire District and provide accounting services, including investing Fire District funds, for 90% of the Fire District's property tax revenues. Audited financial statements for the Dixon Fire Protection District may be obtained from the City of Dixon, 600 East A Street, Dixon, California, 95620.

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

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

Government-wide Financial Statements:

The statement of net assets and statement of activities display information about the reporting government as a whole. They include the activities of the overall City government except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between governmental and business-type activities of the City. The City's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements:

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental funds are aggregated and reported as nonmajor funds in a single column, regardless of their fund type.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Fund - Debt Service Funds are used to account for the accumulation of financial resources for the payment of interest and principal on the general long-term liabilities of the City other than debt service payments made by enterprise funds.

Capital Project Funds - Capital Project Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by enterprise funds.

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (not included in government-wide statements)

Agency Funds - Agency Funds are clearing type funds for the collection of taxes or deposits held in trust, on behalf of individuals, private organizations and other governments. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Funds

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

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the general fund includes such activities such as public safety, public ways and facilities, parks and recreation services, and economic development services.

Low/Moderate Income Housing Fund - The low/moderate income housing fund is used to account for the use of 20% of the redevelopment tax increment, which must be used for very low, low and moderate income housing programs.

Transportation Fund -The transportation fund is a capital projects fund used to account for the revenue and expenses budgeted for capital projects relating to transportation.

Storm Drain Fund - The storm drain fund is a capital projects fund used to account for resources budgeted for storm drain projects.

The City reports the following major proprietary funds in the accompanying financial statements:

Sewer Fund - The sewer fund is used to account for all revenues and expenses for operations, maintenance, and capital improvement funding of the Dixon Sewer Plan.

Dixon-Solano Municipal Water Service Fund (Dixon-Interest) - The Dixon-Solano Municipal Water Service fund is used to account for the City's share of revenues and expenses from operation and maintenance of the Dixon-Solano Municipal Water Service, a joint exercise of power with the Solano Irrigation District to provide water for domestic, industrial, municipal

The City also reports the following fund type:

Agency Funds - These funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and current liabilities generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and all liabilities (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City defines available to be within 60 days of year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds for governmental long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets are available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

The City follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, which do not conflict with Government Accounting Standards Board Pronouncements.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds's principal operations. The principal operating revenues of the sewer, water, and transit enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Property Taxes

The County of Solano levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received, in the fiscal year or levy, due to the adoption of the "alternate method of property tax distribution", known as the Teeter Plan, by the City and the County of Solano. The Teeter Plan authorizes the Auditor/Controller of the County of Solano to allocate 100% of the secured property taxes billed, but not yet paid. The County of Solano remits tax monies to the City in three installments as follows:

50% remitted in December
45% remitted in April
5% remitted in June

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Property valuations are established by the Assessor of the County of Solano for the secured and unsecured property tax rolls. Under the provisions of Article XIII A of the State Constitution, properties are assessed at 100% of purchase price or value in 1978 whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

E. Cash and Investments

The City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investments balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on month-end balances and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

The City's investments are carried at fair value. The fair value of equity and debt securities is determined based on sales prices or bid-and-asked quotations from SEC-registered securities exchanges or NASDAQ dealers. LAIF and the Solano County Investment Pool determine the fair value of their portfolio quarterly and report a factor to the City; the City applies that factor to convert its share of LAIF and the Solano County Investment Pool from amortized cost to fair value. This amount is included in cash and cash equivalents in the balance sheet of the governmental funds. Changes in fair value are allocated to each participating fund.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be change and petty cash funds, equity in the City's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts if applicable, and estimated refunds due. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines and other fees. Federal and state grants are considered receivable and accrue as revenue when reimbursable costs are incurred. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Long-term loans in governmental funds are treated as expenditures in the year advanced and as revenues in the year repayment is measurable and available. Loans receivable are recorded in the fund statements, but are deferred to indicate they do not represent current financial resources. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables.

G. Prepaid Expenses and Inventory

Inventories are stated at cost (average cost per unit) for governmental and proprietary funds. The cost is recorded as an expenditure/expense in the funds at the time individual inventory items are consumed, rather than purchased. Inventories of governmental funds are offset by a reservation of fund balance to indicate they do not constitute resources available for future appropriation.

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

H. Fixed Assets

The accounting treatment over property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, infrastructure with an aggregate cost of \$100,000 or more and equipment with a cost of \$1,000 or more and a useful life of one year are capitalized. All fixed assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

With the implementation of GASB Statement 34, the City has recorded all its public domain (infrastructure) capital assets, which include streets, bridges, roads, sidewalks, traffic lights, and parks.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment	5-25 years
Buildings and improvements	5-40 years
Infrastructure	7-100 years

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of debt financed capital assets of business-type activities is included as part of the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

Fund Financial Statements

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

I. Accumulated Compensated Absences

Compensated absences comprise unused vacation leave and compensatory time off, which are accrued as earned. Employees may accumulate sick leave without limits. The City's liability for compensated absences is recorded in the government-wide Statement of Net Assets for governmental funds and the Statement of Net Assets for proprietary funds as appropriate. A liability is calculated for all the costs of compensated absences based upon benefits earned by employees in the current period for which there is a probability of payment at termination. The salary and related payroll costs are those in effect at June 30, 2008. Accumulated unpaid vacation and sick pay are accrued when earned. The general fund and enterprise funds are used to liquidate compensated absences.

J. Long Term Liabilities

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term liabilities, and other long term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Initial issue bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, including deferred refunding amounts and underwriters' discounts, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding is included in interest expense.

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

K. Interfund Transactions

Following is a description of the four basic types of interfund transactions made during the year and the related accounting policies:

1. Interfund services provided and used - transactions for services rendered or facilities provided. These transactions are recorded as revenues in the receiving fund and expenditures in the disbursing fund.
2. Reimbursements (expenditure transfers) - transactions to reimburse a fund for specific expenditures incurred for the benefit of another fund. These transactions are recorded as expenditures in the disbursing fund and a reduction of expenditures in the receiving fund.
3. Operating transfers - all other interfund transactions which allocate resources from one fund to another fund. These transactions are recorded as operating transfers in and out.

Transactions between funds of the City are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds (current portion of interfund loans) or advances to and advances from other funds (non-current portion of interfund loans) on the balance sheet of the governmental 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 DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Equity Classifications

Government-wide Statements

Net Assets are the excess of all the City's assets over all its liabilities, regardless of fund. Net Assets are divided into three categories under GASB Statement 34. These categories apply only to Net Assets, which is determined at the Government-wide level, and are described below:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints place on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Designations of fund balance represent tentative plans approved by the City Council that are subject to change. Proprietary fund equity is classified the same as in the government-wide statements. The following is a description of the reserves and designations used by the City.

- a. Reserved for encumbrances - Used to segregate that portion of fund balance to indicate that encumbrances do not represent available, spendable resources.
- b. Reserved for advances to other funds - Used to indicate that the advances to other funds do not represent available, spendable resources even though they are components of assets.
- c. Reserved for prepaid costs and other assets - Used to indicate that prepaid costs and other assets do not represent available, spendable resources even though they are components of net assets. A reserve for inventory is included in this category.
- d. Reserved for low and moderate income housing - Used to represent that portion of fund balance reserved for low and moderate income housing projects within the Redevelopment Agency.
- e. Reserved for debt service - Used to represent that portion of fund balance segregated for service of long-term indebtedness.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. General Budget Policies

The City Council establishes budgets for all governmental funds. Budgetary control is legally maintained at the fund level. The City Manager submits a proposed budget to the City Council for the following year beginning July 1. The preliminary budget may or may not be amended by the City Council after public hearings are held and is adopted by City Council resolution prior to July 1 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. The City Manager is authorized to transfer budgeted amounts within an object or purpose within any department. However, the City Council must approve revisions that alter the total expenditures of any department.

Expenditures may not legally exceed appropriates at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year. Amounts represent the original budgeted amounts and all supplemental appropriations.

N. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of **June 30, 2008** are classified in the accompanying financial statements as follows:

	<u>Cash</u>	<u>Restricted Cash</u>	<u>Total</u>
Governmental activities	\$ 19,170,586	\$ 446,905	\$ 19,617,491
Business-type activities	<u>4,069,756</u>	<u>372,606</u>	<u>4,442,362</u>
Total government-wide cash and investments	<u>23,240,342</u>	<u>819,511</u>	<u>24,059,853</u>
Fiduciary activities	<u>3,822,889</u>	<u>3,625,033</u>	<u>7,447,922</u>
Total cash and investments	<u>\$ 27,063,231</u>	<u>\$ 4,444,544</u>	<u>\$ 31,507,775</u>

Cash and investments are carried at fair value as of **June 30, 2008** and consist of the following:

Cash in investment pools	\$ 4,741,991
Restricted cash with fiscal agent	4,444,544
Money market	1,115,880
Investments	20,906,991
Cash in banks	297,244
Petty cash	<u>1,125</u>
Total cash and investments	<u>\$ 31,507,775</u>

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Authorized Investments of the City

The table below identifies the investment types that are authorized by the City's investment policy. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
Local agency bonds	5 years	None	10%
U.S. Treasury obligations	5 years	None	None
U.S. Agency securities	5 years	None	None
California local agency debt	5 years	None	10%
Banker's Acceptances	180 days	45%	10%
Commercial paper	180 days	25%	10%
Negotiable certificates and time deposits	5 years	30%	10%
Repurchase agreements	1 year	None	10%
Medium term corporate notes	5 years	30%	10%
Money market mutual funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None

The City complies with the provisions of California Government Code (or the City's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee 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 by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
Local agency bonds	5 years	None	None
U.S. Treasury obligations	5 years	None	None
U.S. Agency securities	5 years	None	None
Banker's acceptances	270-360 days	None	None
Commercial paper	180 days	None	None
Negotiable certificates and time deposits	365 days	None	None
Repurchase agreements	30 days	None	None
Investment agreements	None	None	None
Medium term corporate notes	None	None	None
Money market mutual funds	N/A	None	None
Mortgage pass-through securities	None	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Disclosure Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City's interest rate risk is mitigated is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of **June 30, 2008**:

	Remaining Maturity			Fair Value
	12 months or less	1-5 years	2-5 years	
U.S. Treasuries	\$ 3,064,749	\$ -	\$ -	\$ 3,064,749
U.S. Agency Securities	15,395,951	1,233,000	1,213,291	17,842,242
Money market mutual funds	1,115,880	-	-	1,115,880
Local Agency Investment Fund	4,741,991	-	-	4,741,991
Held by bond trustee:				
Money market funds	<u>4,444,544</u>	<u>-</u>	<u>-</u>	<u>4,444,544</u>
	<u>\$ 28,763,115</u>	<u>\$ 1,233,000</u>	<u>\$ 1,213,291</u>	<u>\$ 31,209,406</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year for each investment type.

	Total	Rating as of Fiscal Year End		
		S&P	Moody's	N/A
U.S. Treasuries	\$ 3,064,749	Exempt		Not rated
U.S. Agency Securities	17,842,242	AAA	Aaa	
Money market mutual funds	1,115,880			Not rated
Local Agency Investment Fund	4,741,991			Not rated
Held by bond trustee:				
Money market funds	<u>4,444,544</u>	AAAm	Aaa	
	<u>\$ 31,209,406</u>			

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

The investment policy of the City limits the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 50% of total investments, with the exception of U.S. Treasury obligations, LAIF, and local investment pools. Investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total City investments are as follows:

<u>Issuers</u>	<u>Investment Type</u>	<u>Amount</u>
Federal Home Loan Mortgage Corporation	U.S. Agency security	\$ 7,318,188
Federal National Mortgage Association	U.S. Agency security	\$ 5,829,691
Federal Home Loan Bank	U.S. Agency security	\$ 4,694,363

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of **June 30, 2008**, the carrying amount of the City's deposits was \$297,244 and bank balances were \$17,279, all of which were insured.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by the LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated monthly based on the ending cash balances of the previous month in each fund receiving interest.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 3: NOTES AND LOANS RECEIVABLE

The City has made various business loans to qualifying businesses in the redevelopment area and various home loans to qualifying participants within the City under the Federal First Time Homebuyers Loan program (HOME), the 2000 Home Rehabilitation program, the Community Development Block Grant (CDBG) revolving loan program, and the 2005 Community Development Block Grant (CDBG) Housing Rehabilitation program, which are owner occupied housing rehabilitation programs. The loans have varying maturity dates and interest rates, depending on loan agreements. Certain notes receivable payments are deferred with interest being capitalized and recorded in the respective loan balances. A summary of notes receivable at **June 30, 2008** is as follows:

<u>Government-wide balances</u>	<u>Balance July 1, 2007</u>	<u>Adjustments</u>	<u>Balance July 1, 2007, Restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2008</u>
Redevelopment	\$ 140,000	\$ -	\$ 140,000	\$ 30,000	\$ (679)	\$ 169,321
Low/Moderate Income Housing	1,550,023	-	1,550,023	738,572	(50,932)	2,237,663
CDBG	<u>396,584</u>	<u>-</u>	<u>396,584</u>	<u>75,000</u>	<u>(19,506)</u>	<u>452,078</u>
Total Notes Receivable	<u>2,086,607</u>	<u>-</u>	<u>2,086,607</u>	<u>843,572</u>	<u>(71,117)</u>	<u>2,859,062</u>
Less Allowance for Notes Receivable	<u>-</u>	<u>(1,701,173)</u>	<u>(1,701,173)</u>	<u>(818,572)</u>	<u>-</u>	<u>(2,519,745)</u>
Total Notes Receivable, net	<u>\$ -</u>	<u>\$ (1,701,173)</u>	<u>\$ 385,434</u>	<u>\$ 25,000</u>	<u>\$ (71,117)</u>	<u>\$ 339,317</u>

The balance of the notes receivable have been offset in the fund financial statements by deferred revenue as they are not deemed measurable and available within 60 days. In the government-wide financial statements, the City has provided 100% allowance for all notes receivable subject to long-term deferral and/or payment from future refinancing as well as notes receivable having subordination provisions except for those accounts that have current payment activity and are not delinquent at **June 30, 2008**. Adjustments were made to the allowance for notes receivable in the current year. See note 14 for more information.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4: INTERFUND AND INTRA-FUND TRANSACTIONS

Interfund Transactions

Transfers between funds during the fiscal year ended June 30, 2008 were as follows:

<u>Transfer from</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
<u>Major Governmental Funds</u>			
General Fund	Lighting and Landscaping	L&L labor allocation	17,847
Low/Moderate Income Housing	General Fund	Allocated costs	<u>30,000</u>
Total Major Governmental Interfund Transfers			<u>47,847</u>
<u>Non-Major Governmental Funds</u>			
Redevelopment	Storm Drain	Core area drainage project	70,000
Redevelopment	General Fund	Reimburse allocated costs	244,820
Redevelopment	Transportation	CIP projects	133,000
Gas Tax	General Fund	Street maintenance	297,380
Traffic Safety	Transportation	Street projects 07-08	20,000
Traffic Safety	General Fund	Reimburse safety expenses	6,490
Police Grants	General Fund	Reimburse grant expenses	44,000
CDBG	CDBG Grant PTA	Matching grant funds	16,800
Valley Glen Storm Drain	General Fund	Reimburse labor in CFD	11,510
Capital Improvement	General Fund	Reimburse cost allocation	47,804
Industrial Park	General Fund	Econ develop reimbursement	189,885
Fire Impact Fee	DPFA - Fire	Debt service	244,000
Police Impact Fee	DPFA - Police	Debt service	186,873
City Facilities	Dixon Public Improvement	City Hall debt service	52,375
Transit CIP	Transportation	Correct Pulte Home agreement	1,094,604
City Hall Debt Reserve	Fire Impact Fee	Cover fund shortage	196,031
Certificate of Participation	City Facilities	Close fund	359
Certificate of Participation	Recreation	Close fund	<u>1,078</u>
Total Non- Major Governmental Interfund Transfers			<u>2,857,009</u>
<u>Proprietary Funds</u>			
Sewer Fund	Redevelopment	Project reimbursement	25,000
Sewer Fund	General Fund	Software reimbursement	15,285
Sewer Fund	Public Works	PW building cost	<u>120,000</u>
Total Proprietary Interfund Transfers			<u>160,285</u>
Total Interfund Transfers			<u>\$ 3,065,141</u>

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 4: INTERFUND AND INTRA-FUND TRANSACTIONS (CONTINUED)

Intra-Fund Transactions

The following table represents intra-fund transfers made during the fiscal year ended June 30, 2008:

<u>Transfer from</u>	<u>Transfer To</u>	<u>Description of Transfer</u>	<u>Amount</u>
<u>General Fund</u>			
General Fund	Equipment Replacement	Future equipment replacement	\$ 338,580
General Fund	Council Contingency	Select build City share	250,000
Recreation Fund	General Fund	Reimburse allocated costs	5,465
Equipment Replacement	General Fund	New equipment purchases	134,520
Building Reserve	General Fund	Building improvements	<u>10,700</u>
Total General Fund Intra-Fund Transfers			<u>739,265</u>
<u>Low/Moderate Income Housing</u>			
Redevelopment Set-Aside	Home Loan	Set up new fund	<u>31,074</u>
<u>Sewer Fund</u>			
Sewer O&M (Dept. 300)	Sewer O&M (Dept. 000)	Equipment purchases	28,875
Sewer O&M	Sewer Rehab	Ratepayer financed projects	325,000
Sewer Debt	Sewer DPFA COPS	Debt service payment	<u>191,877</u>
Total Sewer Intra-Fund Transfers			<u>545,752</u>
<u>Dixon-Solano Municipal Water Service</u>			
DSMWS - O&M	DSMWS - Improvements	Close bank account	5,938
DSMWS - Rehab Projects	DSMWS - Improvements	Cost recovery user fees	<u>338,045</u>
Total DSMWS Intra-Fund Transfers			<u>343,983</u>
Total Intra-fund Transfers			\$ <u>1,660,074</u>

Intra-fund transfers are not presented on the statement of revenues, expenses, and changes in net assets for the governmental and proprietary funds as they are presented on a net basis. However, the combining statement of revenues, expenditures, and changes in fund balances for the general fund on page 104 presents both general fund interfund transfers and intra-fund transfers.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5: CAPITAL ASSETS

Governmental activities:

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2008</u>
Capital assets not being depreciated					
Land	\$ 2,737,728	\$ -	\$ -	\$ -	\$ 2,737,728
Construction-in-progress	<u>4,965,581</u>	<u>4,116,288</u>	<u>-</u>	<u>(5,604,273)</u>	<u>3,477,596</u>
Total capital assets not being depreciated	<u>7,703,309</u>	<u>4,116,288</u>	<u>-</u>	<u>(5,604,273)</u>	<u>6,215,324</u>
Capital assets being depreciated					
Buildings and improvements	11,105,458	-	-	227,713	11,333,171
Equipment	4,790,494	259,348	-	-	5,049,842
Infrastructure	<u>168,264,783</u>	<u>-</u>	<u>-</u>	<u>5,376,560</u>	<u>173,641,343</u>
Total capital assets being depreciated	<u>184,160,735</u>	<u>259,348</u>	<u>-</u>	<u>5,604,273</u>	<u>190,024,356</u>
Less accumulated depreciation					
Buildings and improvements	(2,867,972)	(277,636)	-	-	(3,145,608)
Equipment	(2,092,602)	(285,361)	-	-	(2,377,963)
Infrastructure	<u>(33,954,701)</u>	<u>(3,600,181)</u>	<u>-</u>	<u>-</u>	<u>(37,554,882)</u>
Total accumulated depreciation	<u>(38,915,275)</u>	<u>(4,163,178)</u>	<u>-</u>	<u>-</u>	<u>(43,078,453)</u>
Total capital assets, net	<u>\$ 152,948,769</u>	<u>\$ 212,458</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,161,227</u>

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

Governmental Activities:

General administration	\$ 113,727
Public safety	275,619
Parks and recreation	675,727
Community development	3,516
Public ways and facilities	<u>3,094,589</u>
Total governmental activities depreciation expense	<u>\$ 4,163,178</u>

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5: CAPITAL ASSETS (CONTINUED)

Business-type activities:

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance at June 30, 2008</u>
Capital assets not being depreciated					
Land	\$ 785,163	\$ -	\$ -	\$ -	\$ 785,163
Construction-in-progress	<u>4,831,879</u>	<u>728,099</u>	<u>-</u>	<u>(2,792,074)</u>	<u>2,767,904</u>
Total capital assets not being depreciated	<u>5,617,042</u>	<u>728,099</u>	<u>-</u>	<u>(2,792,074)</u>	<u>3,553,067</u>
Capital assets being depreciated					
Structures and improvements	67,854,211	-	-	2,792,074	70,646,285
Equipment	<u>1,073,419</u>	<u>121,529</u>	<u>-</u>	<u>-</u>	<u>1,194,948</u>
Total capital assets being depreciated	<u>68,927,630</u>	<u>121,529</u>	<u>-</u>	<u>2,792,074</u>	<u>71,841,233</u>
Less accumulated depreciation					
Structures and improvements	(15,319,513)	(1,660,410)	-	-	(16,979,923)
Equipment	<u>(728,719)</u>	<u>(101,662)</u>	<u>-</u>	<u>-</u>	<u>(830,381)</u>
Total accumulated depreciation	<u>(16,048,232)</u>	<u>(1,762,072)</u>	<u>-</u>	<u>-</u>	<u>(17,810,304)</u>
Total capital assets, net	<u>\$ 58,496,440</u>	<u>\$ (912,444)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,583,996</u>

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

Sewer Fund	\$ 1,389,249
Water Fund	313,133
Transit Fund	<u>59,690</u>
Total business-type activities depreciation expense	<u>\$ 1,762,072</u>

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6: LONG-TERM LIABILITIES

The following is a summary of changes in the City's long-term liabilities for the fiscal year ended June 30, 2008:

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2008</u>	<u>Current Portion</u>
Governmental activities:					
Compensated absences	\$ 936,355	\$ -	\$ (9,411)	\$ 926,944	\$ 14,689
1981 Lease revenue	560,000	-	(25,000)	535,000	25,000
1995 Tax allocation refunding	3,565,000	-	(115,000)	3,450,000	125,000
1996 Refunding lease revenue	1,210,000	-	(125,000)	1,085,000	135,000
1997 Lease revenue	<u>2,495,000</u>	<u>-</u>	<u>(110,000)</u>	<u>2,385,000</u>	<u>115,000</u>
Total Governmental activities	<u>\$ 8,766,355</u>	<u>\$ -</u>	<u>\$ (384,411)</u>	<u>\$ 8,381,944</u>	<u>\$ 414,689</u>

	<u>Balance at July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2008</u>	<u>Current Portion</u>
Business-type activities:					
Compensated absences	\$ 52,396	\$ 7,232	\$ -	\$ 59,628	\$ 43,385
1996 Certificates of participation	<u>1,950,000</u>	<u>-</u>	<u>(85,000)</u>	<u>1,865,000</u>	<u>90,000</u>
Total Business-type activities	<u>\$ 2,002,396</u>	<u>\$ 7,232</u>	<u>\$ (85,000)</u>	<u>\$ 1,924,628</u>	<u>\$ 133,385</u>

A description of the long-term liabilities related to governmental activities at June 30, 2008 follows:

A. Governmental Activities

1981 Lease Revenue Bond

On August 1, 1981, the 1981 Lease Revenue Bonds were issued by the Dixon Public Improvement Corporation in the amount of \$915,000 to fund construction of the Dixon City Hall building. To provide for repayment of the bonds, the City entered into an agreement to lease the Dixon City Hall building from the Dixon Public Improvement Corporation. Interest payments are due semi-annually on August 1 and January 1 through August 2021 at an interest rate of 5.0%. Annual principal payments are due on August 1. The outstanding principal balance of the 1981 bonds at June 30, 2008 was \$535,000.

1995 Tax Allocation Refunding Bonds

On December 1, 1995, the 1995 Tax Allocation Refunding Bonds were issued by the Redevelopment Agency in the amount of \$4,575,000 to refund all of the outstanding 1994 Central Dixon Redevelopment Agency Tax Allocation Bonds. The bonds are secured by the pledge of tax revenues payable to or receivable by the Redevelopment Agency. Interest rates range from 5.6% to 6.0%. Interest payments are payable semi-annually on March 1 and September 1 through September 2024. Annual principal payments are due on September 1. The outstanding principal balance of the 1995 bonds at June 30, 2008 was \$3,450,000.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

1996 Refunding Lease Revenue Bonds

On January 22, 1996, the 1996 Refunding Lease Revenue Bonds were issued by the Dixon Public Financing Authority in the amount of \$2,990,000 to refund the Dixon Public Financing Authority Lease Revenue Bonds, Series 1990 A used to construct the police administration building. To provide for repayment of the bonds, the City entered into an agreement to lease the police administration building from the Dixon Public Financing Authority. Interest rates range from 4.75% to 5.3%. Interest payments are due semi-annually on April 1 and October 1 through April 2015. Annual principal payments are due on April 1. The outstanding principal balance of the 1996 refunding lease revenue bonds at June 30, 2008 was \$1,085,000.

1997 Lease Revenue Bonds

On February 1, 1997, the 1997 Lease Revenue Bonds were issued by the Dixon Public Financing Authority in the amount of \$3,300,000 to fund the acquisition, construction, and equipping of a fire station. To provide for repayment of the bonds, the City entered into an agreement to lease the fire station and equipment from the Dixon Public Financing Authority. Interest rates range from 4.9% to 5.5%. Interest payments are due semi-annually on April 1 and October 1 through April 2022. Annual principal payments are due April 1. The outstanding principal balance of the 1997 bonds at June 30, 2008 was \$2,385,000.

Deferred Charges

Capitalized bond costs related to the above issuances have been recorded as deferred charges, net of accumulated amortization in the amount of \$145,195 in the government-wide financial statements. The balance is amortized using the straight line method over the bond terms which range from 17 to 20 years. Amortization expense for bond costs for the year ended June 30, 2008 was \$14,858.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

Governmental Activities Long-Term Liabilities Amortization:

For the Year Ending June 30	1981 Lease Revenue		1995 Tax Allocation Refunding		1996 Refunding Lease Revenue		1997 Lease Revenue		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 25,000	\$ 26,125	\$ 125,000	\$ 200,660	\$ 135,000	\$ 55,936	\$ 115,000	\$ 128,420	\$ 400,000	\$ 411,141
2010	30,000	24,750	130,000	193,455	140,000	49,320	125,000	122,670	425,000	390,195
2011	30,000	23,250	140,000	185,760	145,000	42,320	130,000	116,296	445,000	367,626
2012	30,000	21,750	145,000	177,601	155,000	34,926	135,000	109,536	465,000	343,813
2013	35,000	20,125	155,000	168,976	160,000	26,866	145,000	102,448	495,000	318,415
2014 - 2018	185,000	73,875	925,000	692,678	350,000	28,006	855,000	386,384	2,315,000	1,180,943
2019 - 2023	200,000	20,750	1,230,000	372,900	-	-	880,000	124,576	2,310,000	518,226
2024 - 2028	-	-	600,000	36,600	-	-	-	-	600,000	36,600
Total	\$ 535,000	\$ 210,625	\$ 3,450,000	\$ 2,028,630	\$ 1,085,000	\$ 237,374	\$ 2,385,000	\$ 1,090,330	\$ 7,455,000	\$ 3,566,959

CITY OF DIXON
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2008

NOTE 6: LONG-TERM LIABILITES (CONTINUED)

B. Business-type Activities

1996 Certificates of Participation

On September 1, 1996, the 1996 Certificates of Participation were issued by the Dixon Public Financing Authority in the amount of \$2,635,000 to fund improvements to the City's municipal sewage treatment and disposal system. To provide for repayment of the certificates, the City purchased the related facilities from the Dixon Public Financing Authority under an installment sales agreement. The certificates are secured by a pledge of net sewer system revenues. The City is required to collect charges from the facilities that are sufficient to yield net revenues equal to 115% of the debt service payments on this issuance and future debt issuances payable from the net revenues of the sewer system. Interest rates range from 5.125% to 5.75%. Interest payments are due semi-annually on March 1 and September 1 through September 2021. Annual principal payments are due September 1. The outstanding principal balance of the certificates of participation at June 30, 2008 was \$1,865,000.

Deferred Charges

Capitalized bond costs related to the Business-type long term liabilities have been recorded as deferred issuance costs in the amount of \$41,867 in the government-wide and fund financial statements. The balance is amortized using the straight line method over the debt term. Amortization expense for issuance costs for the year ended June 30, 2008 was \$3,170.

Business-type Long-Term Liabilities Amortization

1996 Certificates of Participation			
For the Year Ending June 30	Principal	Interest	Total
2009	\$ 90,000	\$ 102,336	\$ 192,336
2010	95,000	97,456	192,456
2011	100,000	92,238	192,238
2012	105,000	86,651	191,651
2013	115,000	80,601	195,601
2014 - 2018	670,000	297,225	967,225
2019 - 2023	<u>690,000</u>	<u>96,850</u>	<u>786,850</u>
Total	<u>\$ 1,865,000</u>	<u>\$ 853,357</u>	<u>\$ 2,718,357</u>

NOTE 7: SPECIAL ASSESSMENT DEBT

Special assessment bonds have been issued pursuant to the provisions of the Improvement Bond Acts of 1915. The City is in no way liable for repayment of any bonds of the funds related to the Agency funds, according to bond counsel, but is acting only as an agent for the property owners/bond holders in collecting and forwarding the special assessments. The Dixon Public Financing Authority 1998 Senior Lien and Junior Lien Reassessment Bonds, Series A and B, respectively, were issued solely to refund the Assessment district limited obligation bonds described below. Balances of the various assessment district bonds at June 30, 2008 were as follows:

Dixon-West "A" Street Assessment District Limited Obligation Improvement Bonds	\$ 3,137,250
North First Street Assessment District Limited Obligation Improvement Bonds	14,040,000
Dixon Public Financing Authority:	
1998 Senior Lien Reassessment Bonds, Series A	5,540,000
1998 Junior Lien Reassessment Bonds, Series B	<u>10,790,000</u>
Total Special Assessment Debt	<u>\$ 33,507,250</u>

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 8: DEFINED BENEFIT PENSION PLAN

Plan Description

The City contributes to the California Public Employees Retirement Systems (PERS), a cost sharing 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. The City participates in the Safety 3.0% at 50 risk pool for its Safety Fire Plan and Safety Police Plan, and also participates in the Miscellaneous 2.0% at 55 risk pool for its Miscellaneous Plan. All permanent and full time City employees working at least 1,000 hours per year are eligible to participate in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor multiplied by their highest average monthly salary over twelve consecutive months of employment. Benefit provisions and all other requirements are established by state statute. The establishment and amendment of specific benefit provisions of the plan are authorized by resolution of the City Council. 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 8% (9 % for safety employees) of their annual covered salary. The City has a variety of agreements regarding these employee contributions to the PERS retirement program. Members of the Public Employees Union #1 (Local One) and Senior Managers are required to contribute 8% (9% for public safety employees) of their covered salaries. The City pays the employee contribution for members of the Dixon Police Officers Association (DPOA) and the Dixon Professional Firefighters Association (DPFA). The DPFA members and the Fire Public Safety members of Local One and of Senior Management also pay 3.2% of their covered salary as the result of negotiations for the 3.0% at 50 Retirement Plan. The City is required to contribute an actuarially determined rates which are 29.478% for safety police employees, 21.874% for safety fire employees, and 15.823% for non-safety employees of annual covered payroll for the fiscal year ended June 30, 2008. The contribution requirement of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For the fiscal year ended June 30, 2008, the City's annual pension cost (employer contribution) of \$1,429,230 for safety and miscellaneous employees was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, and (c) 3.25 percent per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0 percent. 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). The PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. PERS has combined the prior service unfunded liability and current service unfunded liability into a single initial unfunded liability.

Three Year Trend Information for PERS			
Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2006	\$ 1,328,389	100%	-
2007	\$ 1,520,648	100%	-
2008	\$ 1,429,230	100%	-

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 7: PENSION PLAN (CONTINUED)

Schedule of Funding Progress for PERS
(Risk Pool as a Whole)

Safety Plan:

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL* as a % of Covered Payroll
6/30/04**	\$ 5,383,921,942	\$ 4,424,586,846	\$ 959,335,096	82.2%	\$ 575,296,434	166.8%
6/30/05**	\$ 6,367,049,264	\$ 5,295,150,375	\$ 1,071,898,889	83.2%	\$ 664,147,796	161.4%
6/30/06**	\$ 7,278,049,834	\$ 6,102,615,567	\$ 1,175,434,267	83.8%	\$ 754,730,438	155.7%

Miscellaneous Plan:

Actuarial Valuation Date	Normal Accrued Liability	Actuarial Value of Assets	Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL* as a % of Covered Payroll
6/30/04**	\$ 434,267,445	\$ 379,807,592	\$ 54,459,853	87.5%	\$ 97,227,479	56.0%
6/30/05**	\$ 579,276,103	\$ 500,388,523	\$ 78,887,580	86.4%	\$ 129,379,492	61.0%
6/30/06**	\$ 912,988,585	\$ 787,758,909	\$ 125,229,676	86.3%	\$ 200,320,145	62.5%

* UAAL - Unfunded actuarial accrued liability

** A new State Law authorized the creation of risk pools by PERS and required mandatory participation of small employers to help reduce large fluctuations in their contribution rates. As an employer with less than 100 active members, the City of Dixon is now required to participate in the risk pool. Under this pooling method, assets and liabilities of the participant employers are aggregated. As such, individual employer's retirement data is no longer available.

NOTE 9: OTHER POST EMPLOYMENT BENEFITS

In addition to the pension benefits, the City provides certain healthcare benefits for retire employees through PERS. The City's full-time miscellaneous employees may become eligible for those benefits if they reach normal retirement age while working for the City. Public Safety employees are not eligible for post-employment benefits. Employees earn one month of healthcare benefits for every year worked up to a maximum of 24 months. At June 30, 2008, 4 retired employees/survivor dependents meet those eligibility requirements. The City contributions are financed on a pay-as-you go basis and thus the City recognizes the cost of providing those benefits by budgeting for and expensing the annual insurance premiums, which amounted to \$23,605 for the year ended June 30, 2008.

Subsequent Event

In June 2004, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The basic premise of the statement is that Other Postemployment Benefits (OPEB) are earned by employees and should be recognized by the employer as the employee provides services. GASB 45 requires employers to account for and report the annual cost of OPEB and the outstanding obligations and commitments related to them in the same manner as they currently do for pensions. The City will be required to implement GASB No. 45 in the fiscal year beginning July 1, 2008.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 10: RISK MANAGEMENT

The City is a member of the Northern California Cities Self Insurance Fund (NCCCSIF) along with eighteen other northern California cities. The NCCCSIF is a joint powers authority (JPA) organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The NCCCSIF provides claims processing, administrative services, risk management services, and actuarial studies. A member from each city governs the NCCCSIF. The City Council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. The City does not retain the risk of loss. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The NCCCSIF is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA become insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

The NCCCSIF establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The City's insurance coverage and the respective coverage providers are as follows:

Amount	Coverage Provider	Payment
Liability Claims:		
\$0 - \$25,000	Self-insured	Banking layer
\$25,001 - \$500,000	Northern California Cities Self Insurance Fund	Shared risk
\$500,001 - \$40,000,000	California Joint Powers Risk Management Authority	Shared risk
Workers' Compensation		
\$0 - \$100,000	Self-insured	Banking layer
\$100,001 - \$500,000	Northern California Cities Self Insurance Fund	Shared risk
\$500,001 - \$200,000,000	Commercial insurance	

There have been no significant reductions in insurance coverage in the prior fiscal year. Also, settlements have not exceeded the insurance coverage for the past three fiscal years. The City's equity investment in the NCCCSIF of \$219,658 is recorded as a prepaid asset in the General Fund. Audited condensed financial information for the NCCCSIF for the fiscal year ended June 30, 2008 is as follows:

Total Assets	\$ 49,043,883
Total Liabilities	\$ 30,540,073
Net Assets	\$ 18,503,810
Total Revenues	\$ 18,230,572
Total Expenses	\$ 20,868,575
Change in Net Assets	\$ (2,638,003)

CITY OF DIXON
 NOTES TO BASIC FINANCIAL STATEMENTS
 JUNE 30, 2008

NOTE 11: EXCESS EXPENDITURES AND TRANSFERS OVER APPROPRIATIONS

The following funds incurred expenditures and/or transfers in excess of appropriations in the following amounts for the year ended June 30, 2008:

Fund	Excess Expenditures
General Fund	\$ 30,309
Used Oil Recycling Block Grant	1,535
Valley Glen Storm Drain	23,325
Industrial Park	189,885
Police	13,221
City Facilities	45,264
Dixon Public Improvement (DPIC)	20

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

NOTE 12: DEFICIT FUND BALANCES

As of June 30, 2008, the following funds had a fund deficit:

Fund	Deficit
Storm Drain Fund	\$ 752,145
Used Oil Recycling Fund	1,515
CDBG Grant PTA Fund	6,947
Lighting and Landscaping Assessment District	169,196

These deficits were a result of expenditures incurred in advance of receipt of revenue and will be eliminated through future revenues and expenditure reductions.

NOTE 13: CONTINGENCIES AND COMMITMENTS

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

Redevelopment Agency

During the year ended June 30, 2005, the Redevelopment Agency of the City of Dixon entered into a loan agreement with a developer of a senior housing project to finance certain developer fees related to the project over thirty years. Loan payments due are contingent upon the project having net cash flows as defined by the agreement and are subject to interest at 4% per annum. The Redevelopment Agency considers the project to be distressed and does not believe it is probable that the project will generate net cash flows sufficient to require payments being due. Accordingly, the City has not recorded the loan on the balance sheet.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 14 - PRIOR PERIOD ADJUSTMENT

The City determined that certain notes receivable should have an allowance against them to reflect the amounts actually deemed collectible by the City. Accordingly, the government-wide statement of net assets for governmental activities has been adjusted to reflect the following prior period adjustment:

	<u>Net Assets, as previously reported</u>	<u>Restatement</u>	<u>Net Assets, as restated</u>
Total Net Assets	\$ <u>169,487,196</u>	\$ <u>(1,701,173)</u>	\$ <u>167,786,023</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DIXON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 9,658,630	\$ 9,658,630	\$ 10,180,704	\$ 522,074
License, permits, and fees	1,784,435	1,775,135	2,401,748	626,613
Fines and forfeitures	10,800	10,800	14,493	3,693
Use of money and property	117,500	311,850	327,407	15,557
Intergovernmental	97,200	177,200	293,031	115,831
Charges for services	1,805,334	1,866,381	1,974,074	107,693
Other revenues	<u>373,650</u>	<u>521,100</u>	<u>264,929</u>	<u>(256,171)</u>
Total Revenues	<u>13,847,549</u>	<u>14,321,096</u>	<u>15,456,386</u>	<u>1,135,290</u>
<u>EXPENDITURES</u>				
General administration	2,860,199	3,123,802	3,548,020	(424,218)
Public safety	7,484,867	7,670,340	7,501,209	169,131
Parks and recreation	1,462,339	1,607,264	1,710,663	(103,399)
Development	900,661	1,100,817	861,366	239,451
Public ways and facilities	2,281,463	2,545,650	2,470,211	75,439
Capital outlay	-	191,498	178,211	13,287
Total Expenditures	<u>14,989,529</u>	<u>16,239,371</u>	<u>16,269,680</u>	<u>(30,309)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,141,980)</u>	<u>(1,918,275)</u>	<u>(813,294)</u>	<u>1,165,599</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	1,094,616	2,089,754	887,174	(1,202,580)
Transfers out	<u>(338,580)</u>	<u>(1,045,512)</u>	<u>(17,847)</u>	<u>1,027,665</u>
Total Other Financing Sources (Uses)	<u>756,036</u>	<u>1,044,242</u>	<u>869,327</u>	<u>(174,915)</u>
Net change in fund balance	<u>(385,944)</u>	<u>(874,033)</u>	<u>56,033</u>	<u>990,684</u>
Fund balance - July 1, 2007			<u>5,819,827</u>	
Fund balance - June 30, 2008			<u>\$ 5,875,860</u>	

CITY OF DIXON
 LOW/MODERATE INCOME HOUSING FUND - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 453,328	\$ 453,328	\$ 470,065	\$ 16,737
Use of money and property	179,000	179,000	129,372	(49,628)
Program income	<u>-</u>	<u>-</u>	<u>50,560</u>	<u>50,560</u>
Total Revenues	<u>632,328</u>	<u>632,328</u>	<u>649,997</u>	<u>17,669</u>
 <u>EXPENDITURES</u>				
Development	<u>2,339,500</u>	<u>2,339,500</u>	<u>885,470</u>	<u>1,454,030</u>
Total Expenditures	<u>2,339,500</u>	<u>2,339,500</u>	<u>885,470</u>	<u>1,454,030</u>
Excess (deficiency) of revenues over expenditures	<u>(1,707,172)</u>	<u>(1,707,172)</u>	<u>(235,473)</u>	<u>1,471,699</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>(30,000)</u>
Net change in fund balance	<u>(1,707,172)</u>	<u>(1,707,172)</u>	<u>(265,473)</u>	<u>1,441,699</u>
Fund balance - July 1, 2007			<u>2,266,377</u>	
Fund balance - June 30, 2008			<u>\$ 2,000,904</u>	

**CITY OF DIXON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2008**

The City Council establishes budgets for all governmental funds. Budgetary control is legally maintained at the fund level. The City Manager submits a proposed budget to the City Council for the following year beginning July 1. The preliminary budget may or may not be amended by the City Council after public hearings are held and is adopted by City Council resolution prior to July 1 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. The City Manager is authorized to transfer budgeted amounts within an object or purpose within any department. However, the City Council must approve revisions that alter the total expenditures of any department.

Expenditures may not legally exceed appropriates at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year. Amounts represent the original budgeted amounts and all supplemental appropriations.

COMBINING FINANCIAL STATEMENT AND OTHER SUPPLEMENTARY INFORMATION

CITY OF DIXON
TRANSPORTATION FUND - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 130,000	\$ 130,000	\$ 199,096	\$ 69,096
Intergovernmental	582,000	582,000	454,869	(127,131)
Contributions	4,000	4,000	4,000	-
Developer fees	45,000	45,000	43,444	(1,556)
Total Revenues	<u>761,000</u>	<u>761,000</u>	<u>701,409</u>	<u>(59,591)</u>
<u>EXPENDITURES</u>				
General administration	-	-	1,953	(1,953)
Public ways and facilities	1,125	1,125	-	1,125
Capital outlay	1,139,500	1,139,500	821,637	317,863
Total Expenditures	<u>1,140,625</u>	<u>1,140,625</u>	<u>823,590</u>	<u>317,035</u>
Excess (deficiency) of revenues over expenditures	<u>(379,625)</u>	<u>(379,625)</u>	<u>(122,181)</u>	<u>257,444</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>1,390,104</u>	<u>1,390,104</u>	<u>1,247,604</u>	<u>(142,500)</u>
Total Other Financing Sources (Uses)	<u>1,390,104</u>	<u>1,390,104</u>	<u>1,247,604</u>	<u>(142,500)</u>
Net change in fund balance	<u>1,010,479</u>	<u>1,010,479</u>	<u>1,125,423</u>	<u>114,944</u>
Fund balance - July 1, 2007			<u>3,887,462</u>	
Fund balance - June 30, 2008			<u>\$ 5,012,885</u>	

CITY OF DIXON
STORM DRAIN FUND - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Use of money and property	\$ 24,000	\$ 24,000	\$ 10,864	\$ (13,136)
Developer fees	<u>-</u>	<u>-</u>	<u>24,888</u>	<u>24,888</u>
Total Revenues	<u>24,000</u>	<u>24,000</u>	<u>35,752</u>	<u>11,752</u>
<u>EXPENDITURES</u>				
Public safety	-	-	1,750	(1,750)
Public ways and facilities	3,585	3,585	3,102	483
Capital outlay	<u>1,155,485</u>	<u>1,155,485</u>	<u>1,070,343</u>	<u>85,142</u>
Total Expenditures	<u>1,159,070</u>	<u>1,159,070</u>	<u>1,075,195</u>	<u>83,875</u>
Excess (deficiency) of revenues over expenditures	<u>(1,135,070)</u>	<u>(1,135,070)</u>	<u>(1,039,443)</u>	<u>95,627</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>70,000</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>70,000</u>	<u>70,000</u>
Net change in fund balance	<u>(1,135,070)</u>	<u>(1,135,070)</u>	<u>(969,443)</u>	<u>165,627</u>
Fund balance - July 1, 2007			<u>217,298</u>	
Fund balance (deficit) - June 30, 2008			<u>\$ (752,145)</u>	

NON-MAJOR GOVERNMENTAL FUNDS

The following funds are reported in total on the Governmental Fund Financial Statements under the column Other Governmental Funds.

SPECIAL REVENUE FUNDS

Redevelopment Fund

This fund is used to account for property tax increment revenues net of the 20% set-aside for low and moderate income housing and expenses for furtherance of project goal areas.

Gas Tax Fund

This fund is used to account for receipts and expenditures of monies apportioned for road projects under the Street and Highway Code Section 2105, 2106, 2107, and 2107.5 of the State of California.

Traffic Safety

This fund is used to account for receipts of motor vehicle fines and forfeitures expended for traffic safety projects.

Used Oil Recycling Block Grant Fund

This fund is used to account for receipts and expenditures for the "Community Oriented Public Safety" funds provided by the State of California.

COPS Block Grant

This fund accounts for the receipts and expenditures for the "Community Oriented Public Safety" funds provided by the State of California.

Asset Forfeiture Fund

This fund is used to account for receipts and expenditures related to asset forfeitures.

CDBG Fund

This fund is used to account for the City's participation in the Community Development Block Grant programs, which provides loans to businesses to generate jobs for new employees in the targeted income group (generally low income).

CDBG Grant PTA Fund

This fund is used to account for planning technical assistance which the City received in 2006 to promote economic development.

OES/FEMA

This fund is used to account for receipts and expenditures related to FEMA grants.

Landscaping and Lighting Assessment Districts

This fund is used to account for revenues from assessments and expenditures for the landscaping maintenance and lighting operations of 10 zones within the City limits.

Valley Glen Storm Drain

This fund accounts for revenues from assessments and expenditures for the maintenance of the Valley Glen Pump Station and for the Valley Glen housing development proportionate share of cost for the pond A and lateral one storm drainage improvements.

NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECT FUNDS

Capital Improvements Fund

This fund is used to account for miscellaneous capital projects and for portions of capital projects which do not have other resources available (i.e., ineligible for development of impact fees).

Industrial Park Fund

This fund is used to account for miscellaneous capital projects and for portions of capital projects which do not have other resources available (i.e., ineligible for development impact fees), and for economic development support.

Community Development Fund

This fund is used to account for miscellaneous capital projects and for portions of capital projects which do not have other resources available (i.e., ineligible for development impact fees), and for economic development support.

Fire Fund

This fund is used to account for revenue and expenditures budgeted for capital projects relating to fire infrastructure.

Police Fund

This fund is used to account for revenue and expenditures budgeted for capital projects relating to police infrastructure.

City Facilities Fund

This fund accounts for revenue and expenditures budgeted for capital projects relating to administrative infrastructure.

Public Works Fund

This fund accounts for revenue and expenditures budgeted for capital projects relating to public works (municipal service center) infrastructure.

Transit Projects Fund

This fund is used to account for grants received to fund transit facilities.

Recreation Improvements Fund

This fund is used to account for development impact fees collected to fund expansion of recreation and park facilities.

Agricultural Land Mitigation Fund

This fund is used to account for development impact fees collected to fund greenbelts.

Vacaville/Dixon Greenbelt Authority

This fund is used to account for resources budgeted for Vacaville/Dixon Greenbelt (VDG) Authority projects, including a greenbelt between the cities of Dixon and Vacaville.

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

City Hall Debt Reserve Fund

This fund is used to account for funds set aside from the general fund as a reserve for future debt service payments.

Certificates of Participation Reserve Fund

This fund is used to account for debt service for the 1987 Certificates of Participation, Series A, issued for construction of the senior/multi use center, City Council chambers, and Hall Park improvements project of 1987.

Dixon Public Improvement Fund (DPIC)

This fund is used to account for lease revenue and debt service payments for the 1981 Lease Revenue Refunding bonds which were used to construct City Hall.

Dixon Public Financing Authority - Police

This fund is used to account for the 1996 Refunding Lease Revenue bonds which were originally issued by the Dixon Public Financing Authority for the construction of the City of Dixon police station.

Dixon Public Financing Authority - Fire

This fund is used to account for the debt service payments of the 1997 Lease Revenue bonds issued for the construction of the City of Dixon fire station and administrative center.

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2008

	Special Revenue Funds					
	<u>Redevelopment</u>	<u>Gas Tax</u>	<u>Traffic Safety</u>	<u>Used Oil Recycling Block Grant</u>	<u>COPS Block Grant</u>	<u>Asset Forfeiture</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 1,550,411	\$ 63,054	\$ 24,360	\$ 396	\$ 95,642	\$ 2,099
Restricted cash	23	-	-	-	-	-
Accounts receivable	-	75,105	3,836	500	-	-
Interest receivable	4,394	112	16	-	81	1
Notes receivable	169,321	-	-	-	-	-
Advances to other funds	<u>283,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 2,007,666</u>	<u>\$ 138,271</u>	<u>\$ 28,212</u>	<u>\$ 896</u>	<u>\$ 95,723</u>	<u>\$ 2,100</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>(DEFICITS)</u>						
LIABILITIES:						
Accounts payable	\$ 39,340	\$ -	\$ 18,083	\$ 2,411	\$ -	\$ -
Deferred revenue	169,321	-	-	-	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>208,661</u>	<u>-</u>	<u>18,083</u>	<u>2,411</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Reserved:						
Debt service	-	-	-	-	-	-
Advances to other funds	283,517	-	-	-	-	-
Special revenue funds	1,515,488	138,271	10,129	(1,515)	95,723	2,100
Capital project funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances (Deficits)	<u>1,799,005</u>	<u>138,271</u>	<u>10,129</u>	<u>(1,515)</u>	<u>95,723</u>	<u>2,100</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 2,007,666</u>	<u>\$ 138,271</u>	<u>\$ 28,212</u>	<u>\$ 896</u>	<u>\$ 95,723</u>	<u>\$ 2,100</u>

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2008

	Special Revenue Funds				Capital Projects	
	<u>CDBG</u>	<u>CDBG Grant PTA</u>	<u>OES/FEMA</u>	<u>Landscaping and Lighting Assessment Districts</u>	<u>Valley Glen Storm Drain</u>	<u>Capital Improvements</u>
ASSETS						
Cash and cash equivalents	\$ 316,226	\$ -	\$ -	\$ 95,135	\$ 305,852	\$ 241,274
Restricted cash	-	-	-	-	-	-
Accounts receivable	-	67,200	-	-	-	-
Interest receivable	149	-	-	39	141	111
Notes receivable	452,078	-	-	-	-	-
Advances to other funds	-	-	-	-	-	547,953
Total Assets	<u>\$ 768,453</u>	<u>\$ 67,200</u>	<u>\$ -</u>	<u>\$ 95,174</u>	<u>\$ 305,993</u>	<u>\$ 789,338</u>
LIABILITIES AND FUND BALANCES						
(DEFICITS)						
LIABILITIES:						
Accounts payable	\$ 5,703	\$ 12,935	\$ -	\$ 6,238	\$ 992	\$ -
Deferred revenue	452,077	55,594	-	-	-	-
Due to other funds	-	5,618	-	258,132	-	-
Total Liabilities	<u>457,780</u>	<u>74,147</u>	<u>-</u>	<u>264,370</u>	<u>992</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Reserved:						
Debt service	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	547,953
Special revenue funds	310,673	(6,947)	-	(169,196)	305,001	-
Capital project funds	-	-	-	-	-	241,385
Total Fund Balances (Deficits)	<u>310,673</u>	<u>(6,947)</u>	<u>-</u>	<u>(169,196)</u>	<u>305,001</u>	<u>789,338</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 768,453</u>	<u>\$ 67,200</u>	<u>\$ -</u>	<u>\$ 95,174</u>	<u>\$ 305,993</u>	<u>\$ 789,338</u>

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2008

Capital Project Funds						
	<u>Industrial Park</u>	<u>Community Development</u>	<u>Fire</u>	<u>Police</u>	<u>City Facilities</u>	<u>Public Works</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 9,970	\$ 1,212,177	\$ 406	\$ 20,141	\$ 318,453	\$ 863,693
Restricted cash	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-
Interest receivable	57	521	-	62	154	345
Notes receivable	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Total Assets	<u>\$ 10,027</u>	<u>\$ 1,212,698</u>	<u>\$ 406</u>	<u>\$ 20,203</u>	<u>\$ 318,607</u>	<u>\$ 864,038</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>(DEFICITS)</u>						
LIABILITIES:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS):						
Reserved:						
Debt service	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-
Capital project funds	<u>10,027</u>	<u>1,212,698</u>	<u>406</u>	<u>20,203</u>	<u>318,607</u>	<u>864,038</u>
Total Fund Balances (Deficits)	<u>10,027</u>	<u>1,212,698</u>	<u>406</u>	<u>20,203</u>	<u>318,607</u>	<u>864,038</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 10,027</u>	<u>\$ 1,212,698</u>	<u>\$ 406</u>	<u>\$ 20,203</u>	<u>\$ 318,607</u>	<u>\$ 864,038</u>

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2008

	Capital Project Funds				Debt Service Funds	
	<u>Transit Projects</u>	<u>Recreation Improvements</u>	<u>Agricultural Land Mitigation</u>	<u>Vacaville/Dixon Greenbelt Authority</u>	<u>City Hall Debt Reserve</u>	<u>Certificates of Participation Reserve</u>
ASSETS						
Cash and cash equivalents	\$ 556,922	\$ 341,742	\$ 1,139,049	\$ 95,943	\$ 384,993	\$ -
Restricted cash	-	-	-	-	-	-
Accounts receivable	24,667	-	-	-	-	-
Interest receivable	240	179	162	39	250	-
Notes receivable	-	-	-	-	-	-
Advances to other funds	-	-	-	-	-	-
Total Assets	\$ 581,829	\$ 341,921	\$ 1,139,211	\$ 95,982	\$ 385,243	\$ -
LIABILITIES AND FUND BALANCES (DEFICITS)						
LIABILITIES:						
Accounts payable	\$ 167,825	\$ 825	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Total Liabilities	167,825	825	-	-	-	-
FUND BALANCES (DEFICITS):						
Reserved:						
Debt service	-	-	-	-	385,243	-
Advances to other funds	-	-	-	-	-	-
Special revenue funds	-	-	-	-	-	-
Capital project funds	414,004	341,096	1,139,211	95,982	-	-
Total Fund Balances (Deficits)	414,004	341,096	1,139,211	95,982	385,243	-
Total Liabilities and Fund Balances (Deficits)	\$ 581,829	\$ 341,921	\$ 1,139,211	\$ 95,982	\$ 385,243	\$ -

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2008

	Debt Service Funds			Total Non-major Governmental Funds
	Dixon Public Improvement (DPIC)	Public Financing - Police (DPFA)	Public Financing - Fire (DPFA)	
ASSETS				
Cash and cash equivalents	\$ 28,976	\$ 76,912	\$ 73,232	\$ 7,817,058
Restricted cash	-	192,121	254,761	446,905
Accounts receivable	-	-	-	171,308
Interest receivable	-	-	-	7,053
Notes receivable	-	-	-	621,399
Advances to other funds	-	-	-	831,470
Total Assets	\$ 28,976	\$ 269,033	\$ 327,993	\$ 9,895,193
LIABILITIES AND FUND BALANCES				
(DEFICITS)				
LIABILITIES:				
Accounts payable	\$ -	\$ -	\$ -	\$ 254,352
Deferred revenue	-	-	-	676,992
Due to other funds	-	-	-	263,750
Total Liabilities	-	-	-	1,195,094
FUND BALANCES (DEFICITS):				
Reserved:				
Debt service	28,976	269,033	327,993	1,011,245
Advances to other funds	-	-	-	831,470
Special revenue funds	-	-	-	2,199,727
Capital project funds	-	-	-	4,657,657
Total Fund Balances (Deficits)	28,976	269,033	327,993	8,700,099
Total Liabilities and Fund Balances (Deficits)	\$ 28,976	\$ 269,033	\$ 327,993	\$ 9,895,193

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

Special Revenue Funds						
	<u>Redevelopment</u>	<u>Gas Tax</u>	<u>Traffic Safety</u>	<u>Used Oil Recycling Block Grant</u>	<u>COPS Block Grant</u>	<u>Asset Forfeiture</u>
<u>REVENUES</u>						
Taxes and assessments	\$ 1,880,261	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	37,398	-	-	-
Use of money and property	50,206	10,238	1,772	7	7,870	95
Program income	3,636	-	-	-	-	-
Intergovernmental	-	320,561	-	5,000	63,170	-
Developer fees	-	-	-	-	-	-
Other revenue	197	-	-	-	-	-
Total Revenues	<u>1,934,300</u>	<u>330,799</u>	<u>39,170</u>	<u>5,007</u>	<u>71,040</u>	<u>95</u>
<u>EXPENDITURES</u>						
General administration	-	-	-	-	-	-
Public safety	-	-	-	6,535	20,549	-
Development	907,104	-	-	-	-	-
Public ways and facilities	-	11,705	36,465	-	-	-
Capital outlay	-	-	-	-	45,982	-
Debt service:						
Principal	115,000	-	-	-	-	-
Interest and fiscal charges	207,380	-	-	-	-	-
Total Expenditures	<u>1,229,484</u>	<u>11,705</u>	<u>36,465</u>	<u>6,535</u>	<u>66,531</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>704,816</u>	<u>319,094</u>	<u>2,705</u>	<u>(1,528)</u>	<u>4,509</u>	<u>95</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in	25,000	-	-	-	-	-
Transfers out	(447,820)	(297,380)	(26,490)	-	(44,000)	-
Total Other Financing Sources (Uses)	<u>(422,820)</u>	<u>(297,380)</u>	<u>(26,490)</u>	<u>-</u>	<u>(44,000)</u>	<u>-</u>
Net change in fund balance	281,996	21,714	(23,785)	(1,528)	(39,491)	95
Fund balances (deficits) - July 1, 2007	<u>1,517,009</u>	<u>116,557</u>	<u>33,914</u>	<u>13</u>	<u>135,214</u>	<u>2,005</u>
Fund balances (deficits) - June 30, 2008	<u>\$ 1,799,005</u>	<u>\$ 138,271</u>	<u>\$ 10,129</u>	<u>\$ (1,515)</u>	<u>\$ 95,723</u>	<u>\$ 2,100</u>

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	Special Revenue Funds					Capital Projects
	<u>CDBG</u>	<u>CDBG Grant PTA</u>	<u>OES/FEMA</u>	<u>Landscaping and Lighting Assessment Districts</u>	<u>Valley Glen Storm Drain</u>	<u>Capital Improvements</u>
<u>REVENUES</u>						
Taxes and assessments	\$ -	\$ -	\$ -	\$ 141,540	\$ 147,231	\$ -
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	17,488	-	(96)	3,585	13,821	33,831
Program income	57,293	-	-	-	-	-
Intergovernmental	-	44,840	-	-	-	-
Developer fees	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenues	<u>74,781</u>	<u>44,840</u>	<u>(96)</u>	<u>145,125</u>	<u>161,052</u>	<u>33,831</u>
<u>EXPENDITURES</u>						
General administration	-	-	-	-	-	4,410
Public safety	-	-	-	-	-	-
Development	157,706	68,587	-	-	-	-
Public ways and facilities	-	-	-	177,536	103,791	-
Capital outlay	-	-	-	-	32,035	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>157,706</u>	<u>68,587</u>	<u>-</u>	<u>177,536</u>	<u>135,826</u>	<u>4,410</u>
Excess (deficiency) of revenues over expenditures	<u>(82,925)</u>	<u>(23,747)</u>	<u>(96)</u>	<u>(32,411)</u>	<u>25,226</u>	<u>29,421</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in	-	16,800	-	17,847	-	-
Transfers out	<u>(16,800)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,510)</u>	<u>(47,804)</u>
Total Other Financing Sources (Uses)	<u>(16,800)</u>	<u>16,800</u>	<u>-</u>	<u>17,847</u>	<u>(11,510)</u>	<u>(47,804)</u>
Net change in fund balance	(99,725)	(6,947)	(96)	(14,564)	13,716	(18,383)
Fund balances (deficits) - July 1, 2007	<u>410,398</u>	<u>-</u>	<u>96</u>	<u>(154,632)</u>	<u>291,285</u>	<u>807,721</u>
Fund balances (deficits) - June 30, 2008	<u>\$ 310,673</u>	<u>\$ (6,947)</u>	<u>\$ -</u>	<u>\$ (169,196)</u>	<u>\$ 305,001</u>	<u>\$ 789,338</u>

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

Capital Project Funds

	<u>Industrial Park</u>	<u>Community Development</u>	<u>Fire</u>	<u>Police</u>	<u>City Facilities</u>	<u>Public Works</u>
<u>REVENUES</u>						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	7,937	55,118	463	8,310	18,720	36,226
Program income	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	5,809
Developer fees	-	-	125,942	28,580	15,530	17,224
Other revenue	-	-	-	-	-	-
Total Revenues	<u>7,937</u>	<u>55,118</u>	<u>126,405</u>	<u>36,890</u>	<u>34,250</u>	<u>59,259</u>
<u>EXPENDITURES</u>						
General administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Development	-	-	-	-	-	-
Public ways and facilities	2,250	-	-	-	10,584	16,648
Capital outlay	-	-	-	35,496	14,099	59,670
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>2,250</u>	<u>-</u>	<u>-</u>	<u>35,496</u>	<u>24,683</u>	<u>76,318</u>
Excess (deficiency) of revenues over expenditures	<u>5,687</u>	<u>55,118</u>	<u>126,405</u>	<u>1,394</u>	<u>9,567</u>	<u>(17,059)</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in	-	-	196,031	-	359	120,000
Transfers out	<u>(189,885)</u>	<u>-</u>	<u>(244,000)</u>	<u>(186,873)</u>	<u>(52,375)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(189,885)</u>	<u>-</u>	<u>(47,969)</u>	<u>(186,873)</u>	<u>(52,016)</u>	<u>120,000</u>
Net change in fund balance	(184,198)	55,118	78,436	(185,479)	(42,449)	102,941
Fund balances (deficits) - July 1, 2007	<u>194,225</u>	<u>1,157,580</u>	<u>(78,030)</u>	<u>205,682</u>	<u>361,056</u>	<u>761,097</u>
Fund balances (deficits) - June 30, 2008	<u>\$ 10,027</u>	<u>\$ 1,212,698</u>	<u>\$ 406</u>	<u>\$ 20,203</u>	<u>\$ 318,607</u>	<u>\$ 864,038</u>

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	Capital Project Funds			Debt Service Funds		
	<u>Transit Projects</u>	<u>Recreation Improvements</u>	<u>Agricultural Land Mitigation</u>	<u>Vacaville/Dixon Greenbelt Authority</u>	<u>City Hall Debt Reserve</u>	<u>Certificates of Participation Reserve</u>
<u>REVENUES</u>						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-
Use of money and property	62,296	57,704	2,867	7,742	26,003	(110)
Program income	-	-	-	-	-	-
Intergovernmental	126,423	-	1,145,727	-	-	-
Developer fees	-	65,962	-	-	-	-
Other revenue	-	-	-	-	-	-
Total Revenues	<u>188,719</u>	<u>123,666</u>	<u>1,148,594</u>	<u>7,742</u>	<u>26,003</u>	<u>(110)</u>
<u>EXPENDITURES</u>						
General administration	-	-	-	-	-	-
Public safety	-	180	-	-	-	-
Development	-	-	-	-	-	-
Public ways and facilities	51,269	-	-	-	-	-
Capital outlay	279,734	2,064,707	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total Expenditures	<u>331,003</u>	<u>2,064,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(142,284)</u>	<u>(1,941,221)</u>	<u>1,148,594</u>	<u>7,742</u>	<u>26,003</u>	<u>(110)</u>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers in	-	1,078	-	-	-	-
Transfers out	(1,094,604)	-	-	-	(196,031)	(1,437)
Total Other Financing Sources (Uses)	<u>(1,094,604)</u>	<u>1,078</u>	<u>-</u>	<u>-</u>	<u>(196,031)</u>	<u>(1,437)</u>
Net change in fund balance	(1,236,888)	(1,940,143)	1,148,594	7,742	(170,028)	(1,547)
Fund balances (deficits) - July 1, 2007	<u>1,650,892</u>	<u>2,281,239</u>	<u>(9,383)</u>	<u>88,240</u>	<u>555,271</u>	<u>1,547</u>
Fund balances (deficits) - June 30, 2008	<u>\$ 414,004</u>	<u>\$ 341,096</u>	<u>\$ 1,139,211</u>	<u>\$ 95,982</u>	<u>\$ 385,243</u>	<u>\$ -</u>

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2008

	Debt Service Funds			Total Non-major Governmental Funds
	Dixon Public Improvement (DPIC)	Public Financing - Police (DPFA)	Public Financing - Fire (DPFA)	
<u>REVENUES</u>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 2,169,032
Fines and forfeitures	-	-	-	37,398
Use of money and property	67	8,988	10,319	441,467
Program income	-	-	-	60,929
Intergovernmental	-	-	-	1,711,530
Developer fees	-	-	-	253,238
Other revenue	-	-	-	197
Total Revenues	<u>67</u>	<u>8,988</u>	<u>10,319</u>	<u>4,673,791</u>
<u>EXPENDITURES</u>				
General administration	20	-	-	4,430
Public safety	-	-	-	27,264
Development	-	-	-	1,133,397
Public ways and facilities	-	-	-	410,248
Capital outlay	-	-	-	2,531,723
Debt service:				
Principal	25,000	125,000	110,000	375,000
Interest and fiscal charges	<u>27,375</u>	<u>65,899</u>	<u>137,740</u>	<u>438,394</u>
Total Expenditures	<u>52,395</u>	<u>190,899</u>	<u>247,740</u>	<u>4,920,456</u>
Excess (deficiency) of revenues over expenditures	<u>(52,328)</u>	<u>(181,911)</u>	<u>(237,421)</u>	<u>(246,665)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	52,375	186,873	244,000	860,363
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,857,009)</u>
Total Other Financing Sources (Uses)	<u>52,375</u>	<u>186,873</u>	<u>244,000</u>	<u>(1,996,646)</u>
Net change in fund balance	47	4,962	6,579	(2,243,311)
Fund balances (deficits) - July 1, 2007	<u>28,929</u>	<u>264,071</u>	<u>321,414</u>	<u>10,943,410</u>
Fund balances (deficits) - June 30, 2008	<u>\$ 28,976</u>	<u>\$ 269,033</u>	<u>\$ 327,993</u>	<u>\$ 8,700,099</u>

CITY OF DIXON
REDEVELOPMENT FUND - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Taxes and assessments	\$ 1,813,311	\$ 1,813,311	\$ 1,880,261	\$ 66,950
Use of money and property	45,000	45,000	50,206	5,206
Program income	-	-	3,636	3,636
Other revenues	-	-	197	197
Total Revenues	<u>1,858,311</u>	<u>1,858,311</u>	<u>1,934,300</u>	<u>75,989</u>
<u>EXPENDITURES</u>				
Development	1,794,560	1,794,560	907,104	887,456
Debt service:				
Principal	115,000	115,000	115,000	-
Interest and fiscal charges	207,380	207,380	207,380	-
Total Expenditures	<u>2,116,940</u>	<u>2,116,940</u>	<u>1,229,484</u>	<u>887,456</u>
Excess (deficiency) of revenues over expenditures	<u>(258,629)</u>	<u>(258,629)</u>	<u>704,816</u>	<u>963,445</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	25,000	25,000	25,000	-
Transfers out	<u>(447,820)</u>	<u>(447,820)</u>	<u>(447,820)</u>	-
Total Other Financing Sources (Uses)	<u>(422,820)</u>	<u>(422,820)</u>	<u>(422,820)</u>	-
Net change in fund balance	<u>(681,449)</u>	<u>(681,449)</u>	<u>281,996</u>	<u>963,445</u>
Fund balance - July 1, 2007			<u>1,517,009</u>	
Fund balance - June 30, 2008			<u>\$ 1,799,005</u>	

CITY OF DIXON
GAS TAX - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ -	\$ -	\$ 10,238	\$ 10,238
Intergovernmental	<u>334,500</u>	<u>334,500</u>	<u>320,561</u>	<u>(13,939)</u>
Total Revenues	<u>334,500</u>	<u>334,500</u>	<u>330,799</u>	<u>(3,701)</u>
<u>EXPENDITURES</u>				
Public ways and facilities	<u>11,705</u>	<u>11,705</u>	<u>11,705</u>	<u>-</u>
Total Expenditures	<u>11,705</u>	<u>11,705</u>	<u>11,705</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>322,795</u>	<u>322,795</u>	<u>319,094</u>	<u>(3,701)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(367,380)</u>	<u>(367,380)</u>	<u>(297,380)</u>	<u>70,000</u>
Total Other Financing Sources (Uses)	<u>(367,380)</u>	<u>(367,380)</u>	<u>(297,380)</u>	<u>70,000</u>
Net change in fund balance	<u>(44,585)</u>	<u>(44,585)</u>	<u>21,714</u>	<u>66,299</u>
Fund balance - July 1, 2007			<u>116,557</u>	
Fund balance - June 30, 2008			<u>\$ 138,271</u>	

CITY OF DIXON
TRAFFIC SAFETY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2007-2008</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Fines and forfeitures	\$ 55,000	\$ 55,000	\$ 37,398	\$ (17,602)
Use of money and property	<u>1,500</u>	<u>1,500</u>	<u>1,772</u>	<u>272</u>
Total Revenues	<u>56,500</u>	<u>56,500</u>	<u>39,170</u>	<u>(17,330)</u>
<u>EXPENDITURES</u>				
Public ways and facilities	<u>40,000</u>	<u>40,000</u>	<u>36,465</u>	<u>3,535</u>
Total Expenditures	<u>40,000</u>	<u>40,000</u>	<u>36,465</u>	<u>3,535</u>
Excess (deficiency) of revenues over expenditures	<u>16,500</u>	<u>16,500</u>	<u>2,705</u>	<u>(13,795)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(26,490)</u>	<u>(26,490)</u>	<u>(26,490)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(26,490)</u>	<u>(26,490)</u>	<u>(26,490)</u>	<u>-</u>
Net change in fund balance	<u>(9,990)</u>	<u>(9,990)</u>	<u>(23,785)</u>	<u>(13,795)</u>
Fund balance - July 1, 2007			<u>33,914</u>	
Fund balance - June 30, 2008			<u>\$ 10,129</u>	

CITY OF DIXON
USED OIL RECYCLING BLOCK GRANT FUND - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Use of money and property	\$ 10	\$ 10	\$ 7	\$ (3)
Intergovernmental	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total Revenues	<u>5,010</u>	<u>5,010</u>	<u>5,007</u>	<u>(3)</u>
 <u>EXPENDITURES</u>				
Public safety	<u>5,000</u>	<u>5,000</u>	<u>6,535</u>	<u>(1,535)</u>
Total Expenditures	<u>5,000</u>	<u>5,000</u>	<u>6,535</u>	<u>(1,535)</u>
Excess (deficiency) of revenues over expenditures	<u>10</u>	<u>10</u>	<u>(1,528)</u>	<u>(1,538)</u>
Net change in fund balance	<u>10</u>	<u>10</u>	<u>(1,528)</u>	<u>(1,538)</u>
Fund balance - July 1, 2007			<u>13</u>	
Fund balance (deficit) - June 30, 2008			<u>\$ (1,515)</u>	

CITY OF DIXON
COPS BLOCK GRANT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 2,500	\$ 2,500	\$ 7,870	\$ 5,370
Intergovernmental	<u>100,000</u>	<u>100,000</u>	<u>63,170</u>	<u>(36,830)</u>
Total Revenues	<u>102,500</u>	<u>102,500</u>	<u>71,040</u>	<u>(31,460)</u>
<u>EXPENDITURES</u>				
Public safety	30,000	30,000	20,549	9,451
Capital outlay	<u>62,000</u>	<u>62,000</u>	<u>45,982</u>	<u>16,018</u>
Total Expenditures	<u>92,000</u>	<u>92,000</u>	<u>66,531</u>	<u>25,469</u>
Excess (deficiency) of revenues over expenditures	<u>10,500</u>	<u>10,500</u>	<u>4,509</u>	<u>(5,991)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(44,000)</u>	<u>(44,000)</u>	<u>(44,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(44,000)</u>	<u>(44,000)</u>	<u>(44,000)</u>	<u>-</u>
Net change in fund balance	<u>(33,500)</u>	<u>(33,500)</u>	<u>(39,491)</u>	<u>(5,991)</u>
Fund balance - July 1, 2007			<u>135,214</u>	
Fund balance - June 30, 2008			<u>\$ 95,723</u>	

CITY OF DIXON
ASSET FORFEITURE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2007-2008</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Use of money and property	\$ -	\$ -	\$ 95	\$ 95
Total Revenues	<u>-</u>	<u>-</u>	<u>95</u>	<u>95</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>95</u>	<u>95</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>95</u>	<u>95</u>
Fund balance - July 1, 2007			<u>2,005</u>	
Fund balance - June 30, 2008			<u>\$ 2,100</u>	

*The City did not adopt a budget for the Asset Forfeiture fund for the year ended June 30, 2008.

CITY OF DIXON
CDBG - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2007-2008</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ 153,500	\$ 153,500	\$ 17,488	\$ (136,012)
Program income	-	-	57,293	57,293
Total Revenues	<u>153,500</u>	<u>153,500</u>	<u>74,781</u>	<u>(78,719)</u>
<u>EXPENDITURES</u>				
Development	<u>269,850</u>	<u>269,850</u>	<u>157,706</u>	<u>112,144</u>
Total Expenditures	<u>269,850</u>	<u>269,850</u>	<u>157,706</u>	<u>112,144</u>
Excess (deficiency) of revenues over expenditures	<u>(116,350)</u>	<u>(116,350)</u>	<u>(82,925)</u>	<u>33,425</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(16,800)</u>	<u>(16,800)</u>	<u>(16,800)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(16,800)</u>	<u>(16,800)</u>	<u>(16,800)</u>	<u>-</u>
Net change in fund balance	<u>(133,150)</u>	<u>(133,150)</u>	<u>(99,725)</u>	<u>33,425</u>
Fund balance - July 1, 2007			<u>410,398</u>	
Fund balance - June 30, 2008			<u>\$ 310,673</u>	

CITY OF DIXON
CDBG GRANT PTA - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Use of money and property	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Intergovernmental	<u>67,200</u>	<u>67,200</u>	<u>44,840</u>	<u>(22,360)</u>
Total Revenues	<u>69,200</u>	<u>69,200</u>	<u>44,840</u>	<u>(24,360)</u>
 <u>EXPENDITURES</u>				
Development	<u>86,000</u>	<u>86,000</u>	<u>68,587</u>	<u>17,413</u>
Total Expenditures	<u>86,000</u>	<u>86,000</u>	<u>68,587</u>	<u>17,413</u>
Excess (deficiency) of revenues over expenditures	<u>(16,800)</u>	<u>(16,800)</u>	<u>(23,747)</u>	<u>(6,947)</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>16,800</u>	<u>16,800</u>	<u>16,800</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>16,800</u>	<u>16,800</u>	<u>16,800</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>(6,947)</u>	<u>(6,947)</u>
Fund balance - July 1, 2007			<u>-</u>	
Fund balance (deficit) - June 30, 2008			<u>\$ (6,947)</u>	

CITY OF DIXON
OES/FEMA - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008 Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Use of money and property	\$ <u>95</u>	\$ <u>95</u>	\$ <u>(96)</u>	\$ <u>(191)</u>
Total Revenues	<u>95</u>	<u>95</u>	<u>(96)</u>	<u>(191)</u>
 <u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>95</u>	<u>95</u>	<u>(96)</u>	<u>(191)</u>
Net change in fund balance	<u>95</u>	<u>95</u>	<u>(96)</u>	<u>(191)</u>
Fund balance - July 1, 2007			<u>96</u>	
Fund balance - June 30, 2008			\$ <u><u>-</u></u>	

CITY OF DIXON
 LIGHTING AND LANDSCAPING ASSESSMENT DISTRICT - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Taxes and assessments	\$ 141,571	\$ 141,571	\$ 141,540	\$ (31)
Use of money and property	1,755	1,755	3,585	1,830
Total Revenues	143,326	143,326	145,125	1,799
 <u>EXPENDITURES</u>				
Public ways and facilities	200,627	200,627	177,536	23,091
Total Expenditures	200,627	200,627	177,536	23,091
Excess (deficiency) of revenues over expenditures	(57,301)	(57,301)	(32,411)	24,890
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	17,847	17,847	17,847	-
Total Other Financing Sources (Uses)	17,847	17,847	17,847	-
Net change in fund balance	(39,454)	(39,454)	(14,564)	24,890
Fund balance - July 1, 2007			(154,632)	
Fund balance (deficit) - June 30, 2008			\$ (169,196)	

CITY OF DIXON
VALLEY GLEN STORM DRAIN - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Taxes and assessments	\$ 218,196	\$ 218,196	\$ 147,231	\$ (70,965)
Use of money and property	<u>6,869</u>	<u>6,869</u>	<u>13,821</u>	<u>6,952</u>
Total Revenues	<u>225,065</u>	<u>225,065</u>	<u>161,052</u>	<u>(64,013)</u>
 <u>EXPENDITURES</u>				
Public ways and facilities	69,846	69,846	103,791	(33,945)
Capital outlay	<u>42,655</u>	<u>42,655</u>	<u>32,035</u>	<u>10,620</u>
Total Expenditures	<u>112,501</u>	<u>112,501</u>	<u>135,826</u>	<u>(23,325)</u>
Excess (deficiency) of revenues over expenditures	<u>112,564</u>	<u>112,564</u>	<u>25,226</u>	<u>(87,338)</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(11,510)</u>	<u>(11,510)</u>	<u>(11,510)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(11,510)</u>	<u>(11,510)</u>	<u>(11,510)</u>	<u>-</u>
Net change in fund balance	<u>101,054</u>	<u>101,054</u>	<u>13,716</u>	<u>(87,338)</u>
Fund balance - July 1, 2007			<u>291,285</u>	
Fund balance - June 30, 2008			<u>\$ 305,001</u>	

CITY OF DIXON
CAPITAL IMPROVEMENTS - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2007-2008</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ <u>10,280</u>	\$ <u>10,280</u>	\$ <u>33,831</u>	\$ <u>23,551</u>
Total Revenues	<u>10,280</u>	<u>10,280</u>	<u>33,831</u>	<u>23,551</u>
 <u>EXPENDITURES</u>				
General administration	<u>22,568</u>	<u>22,568</u>	<u>4,410</u>	<u>18,158</u>
Total Expenditures	<u>22,568</u>	<u>22,568</u>	<u>4,410</u>	<u>18,158</u>
Excess (deficiency) of revenues over expenditures	<u>(12,288)</u>	<u>(12,288)</u>	<u>29,421</u>	<u>41,709</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(47,804)</u>	<u>(47,804)</u>	<u>(47,804)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(47,804)</u>	<u>(47,804)</u>	<u>(47,804)</u>	<u>-</u>
Net change in fund balance	<u>(60,092)</u>	<u>(60,092)</u>	<u>(18,383)</u>	<u>41,709</u>
Fund balance - July 1, 2007			<u>807,721</u>	
Fund balance - June 30, 2008			<u>\$ 789,338</u>	

CITY OF DIXON
INDUSTRIAL PARK - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2007-2008</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ <u>5,800</u>	\$ <u>5,800</u>	\$ <u>7,937</u>	\$ <u>2,137</u>
Total Revenues	<u>5,800</u>	<u>5,800</u>	<u>7,937</u>	<u>2,137</u>
 <u>EXPENDITURES</u>				
Public ways and facilities	<u>10,140</u>	<u>10,140</u>	<u>2,250</u>	<u>7,890</u>
Total Expenditures	<u>10,140</u>	<u>10,140</u>	<u>2,250</u>	<u>7,890</u>
Excess (deficiency) of revenues over expenditures	<u>(4,340)</u>	<u>(4,340)</u>	<u>5,687</u>	<u>10,027</u>
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>-</u>	<u>-</u>	<u>(189,885)</u>	<u>(189,885)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(189,885)</u>	<u>(189,885)</u>
Net change in fund balance	<u>(4,340)</u>	<u>(4,340)</u>	<u>(184,198)</u>	<u>(179,858)</u>
Fund balance - July 1, 2007			<u>194,225</u>	
Fund balance - June 30, 2008			<u>\$ <u>10,027</u></u>	

CITY OF DIXON
COMMUNITY DEVELOPMENT - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2007-2008</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Use of money and property	\$ -	\$ -	\$ 55,118	\$ 55,118
Total Revenues	<u>-</u>	<u>-</u>	<u>55,118</u>	<u>55,118</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>55,118</u>	<u>55,118</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>55,118</u>	<u>55,118</u>
Fund balance - July 1, 2007			<u>1,157,580</u>	
Fund balance - June 30, 2008			<u>\$ 1,212,698</u>	

*The City did not adopt a budget for the Community Development fund for the year ended June 30, 2008.

CITY OF DIXON
FIRE - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ -	\$ -	\$ 463	\$ 463
Developer fees	<u>130,000</u>	<u>130,000</u>	<u>125,942</u>	<u>(4,058)</u>
Total Revenues	<u>130,000</u>	<u>130,000</u>	<u>126,405</u>	<u>(3,595)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>130,000</u>	<u>130,000</u>	<u>126,405</u>	<u>(3,595)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	196,031	196,031
Transfers out	<u>(244,000)</u>	<u>(244,000)</u>	<u>(244,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(244,000)</u>	<u>(244,000)</u>	<u>(47,969)</u>	<u>196,031</u>
Net change in fund balance	<u>(114,000)</u>	<u>(114,000)</u>	<u>78,436</u>	<u>192,436</u>
Fund balance (deficit) - July 1, 2007			<u>(78,030)</u>	
Fund balance - June 30, 2008			<u>\$ 406</u>	

CITY OF DIXON
POLICE - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2007-2008</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ 6,800	\$ 6,800	\$ 8,310	\$ 1,510
Developer fees	<u>35,000</u>	<u>35,000</u>	<u>28,580</u>	<u>(6,420)</u>
Total Revenues	<u>41,800</u>	<u>41,800</u>	<u>36,890</u>	<u>(4,910)</u>
<u>EXPENDITURES</u>				
Public safety	875	875	-	875
Capital outlay	<u>21,400</u>	<u>21,400</u>	<u>35,496</u>	<u>(14,096)</u>
Total Expenditures	<u>22,275</u>	<u>22,275</u>	<u>35,496</u>	<u>(13,221)</u>
Excess (deficiency) of revenues over expenditures	<u>19,525</u>	<u>19,525</u>	<u>1,394</u>	<u>(18,131)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(186,873)</u>	<u>(186,873)</u>	<u>(186,873)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(186,873)</u>	<u>(186,873)</u>	<u>(186,873)</u>	<u>-</u>
Net change in fund balance	<u>(167,348)</u>	<u>(167,348)</u>	<u>(185,479)</u>	<u>(18,131)</u>
Fund balance - July 1, 2007			<u>205,682</u>	
Fund balance - June 30, 2008			<u>\$ 20,203</u>	

CITY OF DIXON
CITY FACILITIES - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 15,000	\$ 15,000	\$ 18,720	\$ 3,720
Developer fees	<u>16,360</u>	<u>16,360</u>	<u>15,530</u>	<u>(830)</u>
Total Revenues	<u>31,360</u>	<u>31,360</u>	<u>34,250</u>	<u>2,890</u>
<u>EXPENDITURES</u>				
Public ways and facilities	400	400	10,584	(10,184)
Capital outlay	<u>31,394</u>	<u>31,394</u>	<u>14,099</u>	<u>17,295</u>
Total Expenditures	<u>31,794</u>	<u>31,794</u>	<u>24,683</u>	<u>7,111</u>
Excess (deficiency) of revenues over expenditures	<u>(434)</u>	<u>(434)</u>	<u>9,567</u>	<u>10,001</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	359	359
Transfers out	<u>-</u>	<u>-</u>	<u>(52,375)</u>	<u>(52,375)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(52,016)</u>	<u>(52,016)</u>
Net change in fund balance	<u>(434)</u>	<u>(434)</u>	<u>(42,449)</u>	<u>(42,015)</u>
Fund balance - July 1, 2007			<u>361,056</u>	
Fund balance - June 30, 2008			<u>\$ 318,607</u>	

CITY OF DIXON
PUBLIC WORKS - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008			Variance with Final Budget Positive (Negative)
	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<u>REVENUES</u>				
Use of money and property	\$ 20,000	\$ 20,000	\$ 36,226	\$ 16,226
Intergovernmental	66,000	66,000	5,809	(60,191)
Developer fees	<u>17,500</u>	<u>17,500</u>	<u>17,224</u>	<u>(276)</u>
Total Revenues	<u>103,500</u>	<u>103,500</u>	<u>59,259</u>	<u>(44,241)</u>
<u>EXPENDITURES</u>				
Public ways and facilities	440	440	16,648	(16,208)
Capital outlay	<u>586,754</u>	<u>586,754</u>	<u>59,670</u>	<u>527,084</u>
Total Expenditures	<u>587,194</u>	<u>587,194</u>	<u>76,318</u>	<u>510,876</u>
Excess (deficiency) of revenues over expenditures	<u>(483,694)</u>	<u>(483,694)</u>	<u>(17,059)</u>	<u>466,635</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>120,000</u>	<u>(80,000)</u>
Total Other Financing Sources (Uses)	<u>200,000</u>	<u>200,000</u>	<u>120,000</u>	<u>(80,000)</u>
Net change in fund balance	<u>(283,694)</u>	<u>(283,694)</u>	<u>102,941</u>	<u>386,635</u>
Fund balance - July 1, 2007			<u>761,097</u>	
Fund balance - June 30, 2008			<u>\$ 864,038</u>	

CITY OF DIXON
TRANSIT PROJECTS - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 15,000	\$ 15,000	\$ 62,296	\$ 47,296
Intergovernmental	<u>1,860,500</u>	<u>1,860,500</u>	<u>126,423</u>	<u>(1,734,077)</u>
Total Revenues	<u>1,875,500</u>	<u>1,875,500</u>	<u>188,719</u>	<u>(1,686,781)</u>
<u>EXPENDITURES</u>				
Public ways and facilities	60,500	60,500	51,269	9,231
Capital outlay	<u>2,041,000</u>	<u>2,041,000</u>	<u>279,734</u>	<u>1,761,266</u>
Total Expenditures	<u>2,101,500</u>	<u>2,101,500</u>	<u>331,003</u>	<u>1,770,497</u>
Excess (deficiency) of revenues over expenditures	<u>(226,000)</u>	<u>(226,000)</u>	<u>(142,284)</u>	<u>83,716</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(1,094,604)</u>	<u>(1,094,604)</u>	<u>(1,094,604)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,094,604)</u>	<u>(1,094,604)</u>	<u>(1,094,604)</u>	<u>-</u>
Net change in fund balance	<u>(1,320,604)</u>	<u>(1,320,604)</u>	<u>(1,236,888)</u>	<u>83,716</u>
Fund balance - July 1, 2007			<u>1,650,892</u>	
Fund balance - June 30, 2008			<u>\$ 414,004</u>	

CITY OF DIXON
RECREATION IMPROVEMENTS - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual Amounts	
	Original	Final		
<u>REVENUES</u>				
Use of money and property	\$ 37,000	\$ 37,000	\$ 57,704	\$ 20,704
Intergovernmental	10,000	10,000	-	(10,000)
Developer fees	<u>57,720</u>	<u>57,720</u>	<u>65,962</u>	<u>8,242</u>
Total Revenues	<u>104,720</u>	<u>104,720</u>	<u>123,666</u>	<u>18,946</u>
<u>EXPENDITURES</u>				
Public safety	-	-	180	(180)
Capital outlay	<u>2,111,593</u>	<u>2,111,593</u>	<u>2,064,707</u>	<u>46,886</u>
Total Expenditures	<u>2,111,593</u>	<u>2,111,593</u>	<u>2,064,887</u>	<u>46,706</u>
Excess (deficiency) of revenues over expenditures	<u>(2,006,873)</u>	<u>(2,006,873)</u>	<u>(1,941,221)</u>	<u>65,652</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>1,078</u>	<u>1,078</u>	<u>1,078</u>	-
Total Other Financing Sources (Uses)	<u>1,078</u>	<u>1,078</u>	<u>1,078</u>	-
Net change in fund balance	<u>(2,005,795)</u>	<u>(2,005,795)</u>	<u>(1,940,143)</u>	<u>65,652</u>
Fund balance - July 1, 2007			<u>2,281,239</u>	
Fund balance - June 30, 2008			<u>\$ 341,096</u>	

CITY OF DIXON
AGRICULTURAL LAND MITIGATION - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2007-2008</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original*</u>	<u>Final*</u>		
<u>REVENUES</u>				
Use of money and property	\$ -	\$ -	\$ 2,867	\$ 2,867
Intergovernmental	-	-	<u>1,145,727</u>	<u>1,145,727</u>
Total Revenues	<u>-</u>	<u>-</u>	<u>1,148,594</u>	<u>1,148,594</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,148,594</u>	<u>1,148,594</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>1,148,594</u>	<u>1,148,594</u>
Fund balance (deficit) - July 1, 2007			<u>(9,383)</u>	
Fund balance - June 30, 2008			<u>\$ 1,139,211</u>	

*The City did not adopt a budget for the Agricultural Land Mitigation fund for the year ended June 30, 2008.

CITY OF DIXON
VACAVILLE/DIXON GREENBELT AUTHORITY - CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008 Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original*	Final*		
<u>REVENUES</u>				
Use of money and property	\$ -	\$ -	\$ 7,742	\$ 7,742
Total Revenues	<u>-</u>	<u>-</u>	<u>7,742</u>	<u>7,742</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>7,742</u>	<u>7,742</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>7,742</u>	<u>7,742</u>
Fund balance - July 1, 2007			<u>88,240</u>	
Fund balance - June 30, 2008			<u>\$ 95,982</u>	

*The City did not adopt a budget for the Vacaville/Dixon Greenbelt Authority fund for the year ended June 30, 2008.

CITY OF DIXON
CITY HALL DEBT RESERVE - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>2007-2008</u> <u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Use of money and property	\$ <u>25,000</u>	\$ <u>25,000</u>	\$ <u>26,003</u>	\$ <u>1,003</u>
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>26,003</u>	<u>1,003</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>25,000</u>	<u>25,000</u>	<u>26,003</u>	<u>1,003</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(196,031)</u>	<u>(196,031)</u>	<u>(196,031)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(196,031)</u>	<u>(196,031)</u>	<u>(196,031)</u>	<u>-</u>
Net change in fund balance	<u>(171,031)</u>	<u>(171,031)</u>	<u>(170,028)</u>	<u>1,003</u>
Fund balance - July 1, 2007			<u>555,271</u>	
Fund balance - June 30, 2008			<u>\$ <u>385,243</u></u>	

CITY OF DIXON
CERTIFICATES OF PARTICIPATION RESERVES - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 2,830	\$ 2,830	\$ (110)	\$ (2,940)
Total Revenues	<u>2,830</u>	<u>2,830</u>	<u>(110)</u>	<u>(2,940)</u>
<u>EXPENDITURES</u>				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	<u>2,830</u>	<u>2,830</u>	<u>(110)</u>	<u>(2,940)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	<u>(97,205)</u>	<u>(97,205)</u>	<u>(1,437)</u>	<u>95,768</u>
Total Other Financing Sources (Uses)	<u>(97,205)</u>	<u>(97,205)</u>	<u>(1,437)</u>	<u>95,768</u>
Net change in fund balance	<u>(94,375)</u>	<u>(94,375)</u>	<u>(1,547)</u>	<u>92,828</u>
Fund balance - July 1, 2007			<u>1,547</u>	
Fund balance - June 30, 2008			<u>\$ -</u>	

CITY OF DIXON
DIXON PUBLIC IMPROVEMENT (DPIC) - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008 Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
<u>REVENUES</u>				
Use of money and property	\$ -	\$ -	\$ 67	\$ 67
Total Revenues	-	-	67	67
 <u>EXPENDITURES</u>				
General administration	-	-	20	(20)
Debt Service				
Principal	25,000	25,000	25,000	-
Interest and fiscal charges	27,375	27,375	27,375	-
Total Expenditures	52,375	52,375	52,395	(20)
Excess (deficiency) of revenues over expenditures	(52,375)	(52,375)	(52,328)	47
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	52,375	52,375	52,375	-
Total Other Financing Sources (Uses)	52,375	52,375	52,375	-
Net change in fund balance	-	-	47	47
Fund balance - July 1, 2007			28,929	
Fund balance - June 30, 2008			\$ 28,976	

CITY OF DIXON
PUBLIC FINANCING - POLICE (DPFA) - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 7,900	\$ 7,900	\$ 8,988	\$ 1,088
Total Revenues	<u>7,900</u>	<u>7,900</u>	<u>8,988</u>	<u>1,088</u>
<u>EXPENDITURES</u>				
Debt Service				
Principal	125,000	125,000	125,000	-
Interest and fiscal charges	<u>66,228</u>	<u>66,228</u>	<u>65,899</u>	<u>329</u>
Total Expenditures	<u>191,228</u>	<u>191,228</u>	<u>190,899</u>	<u>329</u>
Excess (deficiency) of revenues over expenditures	<u>(183,328)</u>	<u>(183,328)</u>	<u>(181,911)</u>	<u>1,417</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>186,873</u>	<u>186,873</u>	<u>186,873</u>	-
Total Other Financing Sources (Uses)	<u>186,873</u>	<u>186,873</u>	<u>186,873</u>	-
Net change in fund balance	<u>3,545</u>	<u>3,545</u>	<u>4,962</u>	<u>1,417</u>
Fund balance - July 1, 2007			<u>264,071</u>	
Fund balance - June 30, 2008			<u>\$ 269,033</u>	

CITY OF DIXON
PUBLIC FINANCING - FIRE (DPFA) - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	2007-2008		Actual	Variance
	Budgeted Amounts			
	Original	Final	Amounts	with Final
				Positive
				(Negative)
<u>REVENUES</u>				
Use of money and property	\$ 9,500	\$ 9,500	\$ 10,319	\$ 819
Total Revenues	<u>9,500</u>	<u>9,500</u>	<u>10,319</u>	<u>819</u>
<u>EXPENDITURES</u>				
Debt Service				
Principal	110,000	110,000	110,000	-
Interest and fiscal charges	<u>138,210</u>	<u>138,210</u>	<u>137,740</u>	<u>470</u>
Total Expenditures	<u>248,210</u>	<u>248,210</u>	<u>247,740</u>	<u>470</u>
Excess (deficiency) of revenues over expenditures	<u>(238,710)</u>	<u>(238,710)</u>	<u>(237,421)</u>	<u>1,289</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	<u>240,000</u>	<u>240,000</u>	<u>244,000</u>	<u>4,000</u>
Total Other Financing Sources (Uses)	<u>240,000</u>	<u>240,000</u>	<u>244,000</u>	<u>4,000</u>
Net change in fund balance	<u>1,290</u>	<u>1,290</u>	<u>6,579</u>	<u>5,289</u>
Fund balance - July 1, 2007			<u>321,414</u>	
Fund balance - June 30, 2008			<u>\$ 327,993</u>	

AGENCY FUNDS

Agency funds are fiduciary funds which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The specific agency funds used by the City are shown below:

West "A" Street Improvement District Fund

This fund is used to account for revenue from special assessments and debt service payments on the Dixon West "A" Street Assessment District limited obligation improvement bonds.

North First Street Improvement District Fund

This fund is used to account for the revenue from assessments and debt service payments on the Dixon-North First Street Assessment District limited obligation improvement bonds.

Dixon Fire Protection District

This fund is used to account for the operation and maintenance of the Dixon Fire Protection District, a separate legal entity for which the City provides accounting services under a joint exercise of powers agreement.

Public Financing Assessment Districts

This fund is used to account for North First Street Improvement District and West "A" Street Improvement District resources used to make debt service payments on the 1998 Senior Lien Reassessment Revenue bonds, Series A, and the Junior Lien Reassessment bonds, Series B.

Dixon-Solano Municipal Water Service (SID) Interest

This fund is used to account for Solano Irrigation District's share of the Dixon-Solano Municipal Water Service, a water service operated under a joint exercise of power agreement between the City of Dixon and Solano Irrigation District.

CITY OF DIXON
COMBINING STATEMENT OF NET ASSETS
AGENCY FUNDS
JUNE 30, 2008

	West "A" Street Improvement District	North First Street Improvement District	Dixon Fire Protection Agency	Public Financing Assessment Districts	Dixon-Solano Municipal Water Service (SID Interest)	Totals
<u>ASSETS</u>						
Cash and investments	\$ 506,277	\$ 1,592,712	\$ 609,285	\$ 384,463	\$ 730,152	\$ 3,822,889
Accounts receivable	-	-	-	-	99,837	99,837
Interest receivable	263	1,003	431	-	407	2,104
Restricted cash	-	-	-	<u>3,625,033</u>	-	<u>3,625,033</u>
Total Assets	<u>\$ 506,540</u>	<u>\$ 1,593,715</u>	<u>\$ 609,716</u>	<u>\$ 4,009,496</u>	<u>\$ 830,396</u>	<u>\$ 7,549,863</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 175	\$ 157	\$ -	\$ -	\$ 120,546	\$ 120,878
Deposits payable	-	-	-	-	237,526	237,526
Interest payable	62,138	300,595	-	292,020	-	654,753
Deferred revenue	-	-	-	-	184,038	184,038
Agency obligations	<u>444,227</u>	<u>1,292,963</u>	<u>609,716</u>	<u>3,717,476</u>	<u>288,286</u>	<u>6,352,668</u>
Total Liabilities	<u>\$ 506,540</u>	<u>\$ 1,593,715</u>	<u>\$ 609,716</u>	<u>\$ 4,009,496</u>	<u>\$ 830,396</u>	<u>\$ 7,549,863</u>

GENERAL FUNDS

The General Fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the general funds used by the City are shown below:

General Fund

This fund is the primary source for discretionary spending that is not restricted by the source of the funds received. It serves the administration, development services, community facilities, public safety, and non-departmental divisions.

Contingency Fund

The sole purpose of this fund is to separate out a portion of the general fund reserve. Interest earnings are normally the only transaction in this fund. The undesignated fund balance of the general fund and the contingency fund are added together for the general fund balance available to finance budgetary transactions.

Council Discretionary Fund

This fund was established to separate out expenditures which the City Council has set aside for particular purposes. Revenues from the KBI/Select Build sales taxes and other one time revenues are transferred into this fund from the General Fund. Currently, this fund is being used mainly to account for the General Plan activities.

Recreation Fund

This fund is used to account for programs such as classes of general interest, day camp, youth and adult sports leagues, and teen activities.

Performing Arts Fund

This fund is used to account for operations of the Performing Arts Center and is managed by the Recreation and Community Services Department.

Planning Agreements Fund

This fund is used to account for developer deposits to cover the cost of planning services.

Equipment Replacement Fund

This fund is funded by a transfer from the General Fund. Its funds are used to for the replacement of equipment.

Building Reserve Fund

This fund is used to account for expenditures related to building costs. It is funded by transfers made from time to time from the General Fund.

CITY OF DIXON
GENERAL FUND
COMBINING BALANCE SHEETS
JUNE 30, 2008

	<u>General Fund</u>	<u>Contingency</u>	<u>Council Discretionary</u>	<u>Recreation</u>	<u>Performing Arts</u>	<u>Planning Agreements</u>	<u>Equipment Replacement</u>	<u>Building Reserve</u>	<u>Total General Fund</u>
ASSETS									
Cash and cash equivalents	\$ 237,486	\$ 1,886,356	\$ 348,351	\$ 49,693	\$ -	\$ 105,520	\$ 2,253,829	\$ 211,460	\$ 5,092,695
Accounts receivable	1,328,122	-	-	47	-	-	-	-	1,328,169
Interest receivable	19,697	-	66	21	-	85	916	88	20,873
Taxes receivable	280,307	-	-	-	-	-	-	-	280,307
Due from other funds	272,806	-	-	-	-	-	-	-	272,806
Prepaid expenses	219,658	-	-	-	-	-	-	-	219,658
Inventory	1,521	-	-	-	-	-	-	-	1,521
Total Assets	<u>\$ 2,359,597</u>	<u>\$ 1,886,356</u>	<u>\$ 348,417</u>	<u>\$ 49,761</u>	<u>\$ -</u>	<u>\$ 105,605</u>	<u>\$ 2,254,745</u>	<u>\$ 211,548</u>	<u>\$ 7,216,029</u>
LIABILITIES AND FUND BALANCES									
LIABILITIES:									
Accounts payable	\$ 396,943	\$ -	\$ 133,601	\$ 5,457	\$ -	\$ 19,011	\$ -	\$ -	\$ 555,012
Accrued payroll and benefits	275,432	-	-	2,032	129	-	-	-	277,593
Deferred revenue	150,000	-	-	-	-	43,554	-	-	193,554
Deposits payable	272,937	-	-	-	-	33,121	-	-	306,058
Due to other funds	-	-	-	-	7,952	-	-	-	7,952
Total Liabilities	<u>1,095,312</u>	<u>-</u>	<u>133,601</u>	<u>7,489</u>	<u>8,081</u>	<u>95,686</u>	<u>-</u>	<u>-</u>	<u>1,340,169</u>
FUND BALANCES:									
Reserved for:									
Encumbrances	37,746	-	-	1,200	-	53,311	-	-	92,257
Prepays and other assets	219,658	-	-	-	-	-	-	-	219,658
Inventory	1,521	-	-	-	-	-	-	-	1,521
Unreserved, reported in:									
Designated for senior/multi-use center	980	-	-	-	-	-	-	-	980
Designated for equipment replacement	-	-	-	-	-	-	2,254,745	-	2,254,745
Undesignated	1,004,380	1,886,356	214,816	41,072	(8,081)	(43,392)	-	211,548	3,306,699
Total Fund Balances	<u>1,264,285</u>	<u>1,886,356</u>	<u>214,816</u>	<u>42,272</u>	<u>(8,081)</u>	<u>9,919</u>	<u>2,254,745</u>	<u>211,548</u>	<u>5,875,860</u>
Total Liabilities and Fund Balances	<u>\$ 2,359,597</u>	<u>\$ 1,886,356</u>	<u>\$ 348,417</u>	<u>\$ 49,761</u>	<u>\$ -</u>	<u>\$ 105,605</u>	<u>\$ 2,254,745</u>	<u>\$ 211,548</u>	<u>\$ 7,216,029</u>

CITY OF DIXON
GENERAL FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
JUNE 30, 2008

	<u>General Fund</u>	<u>Contingency</u>	<u>Council Discretionary</u>	<u>Recreation Fund</u>	<u>Performing Arts</u>	<u>Planning Agreements</u>	<u>Equipment Replacement</u>	<u>Building Reserve</u>	<u>Total General Fund</u>
REVENUES									
Taxes and assessments	\$10,180,704	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$10,180,704
Licence, permits, and fees	2,236,347	-	-	51,061	-	114,340	-	-	2,401,748
Fines and forfeitures	14,493	-	-	-	-	-	-	-	14,493
Use of money and property	102,087	95,440	14,171	2,542	53	10,882	78,587	23,645	327,407
Intergovernmental	293,031	-	-	-	-	-	-	-	293,031
Charges for services	1,931,638	-	-	42,436	-	-	-	-	1,974,074
Other revenues	<u>238,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>264,929</u>
Total Revenues	<u>14,996,537</u>	<u>95,440</u>	<u>14,171</u>	<u>96,039</u>	<u>26,745</u>	<u>125,222</u>	<u>78,587</u>	<u>23,645</u>	<u>15,456,386</u>
EXPENDITURES									
General administration	3,406,339	-	141,681	-	-	-	-	-	3,548,020
Public safety	7,501,209	-	-	-	-	-	-	-	7,501,209
Parks and recreation	1,583,213	-	-	92,624	34,826	-	-	-	1,710,663
Development	813,893	-	14,934	-	-	32,539	-	-	861,366
Public ways and facilities	2,336,307	-	135,153	-	-	(1,249)	-	-	2,470,211
Capital outlay	<u>169,999</u>	<u>-</u>	<u>8,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,211</u>
Total Expenditures	<u>15,810,960</u>	<u>-</u>	<u>299,980</u>	<u>92,624</u>	<u>34,826</u>	<u>31,290</u>	<u>-</u>	<u>-</u>	<u>16,269,680</u>
Excess (deficiency) of revenues over expenditures	<u>(814,423)</u>	<u>95,440</u>	<u>(285,809)</u>	<u>3,415</u>	<u>(8,081)</u>	<u>93,932</u>	<u>78,587</u>	<u>23,645</u>	<u>(813,294)</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	1,037,859	-	250,000	-	-	-	338,580	-	1,626,439
Transfers out	<u>(606,427)</u>	<u>-</u>	<u>-</u>	<u>(5,465)</u>	<u>-</u>	<u>-</u>	<u>(134,520)</u>	<u>(10,700)</u>	<u>(757,112)</u>
Total Other Financing Sources (Uses)	<u>431,432</u>	<u>-</u>	<u>250,000</u>	<u>(5,465)</u>	<u>-</u>	<u>-</u>	<u>204,060</u>	<u>(10,700)</u>	<u>869,327</u>
Net Change in Fund Balance	(382,991)	95,440	(35,809)	(2,050)	(8,081)	93,932	282,647	12,945	56,033
Fund Balances - July 1, 2007	<u>1,647,276</u>	<u>1,790,916</u>	<u>250,625</u>	<u>44,322</u>	<u>-</u>	<u>(84,013)</u>	<u>1,972,098</u>	<u>198,603</u>	<u>5,819,827</u>
Fund Balances - June 30, 2008	<u>\$ 1,264,285</u>	<u>\$ 1,886,356</u>	<u>\$ 214,816</u>	<u>\$ 42,272</u>	<u>\$ (8,081)</u>	<u>\$ 9,919</u>	<u>\$ 2,254,745</u>	<u>\$ 211,548</u>	<u>\$ 5,875,860</u>

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	106 - 111
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	112 - 117
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	118 - 122
Demographic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time with other governments.	123 - 124
Operating Information	
These schedules contain contextual information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	125 - 126

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB. Statement No. 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF DIXON
NET ASSETS BY COMPONENT, LAST SIX YEARS
(in thousands of dollar)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Governmental activities						
Invested in capital assets, net of related debt	\$ 118,166	\$ 124,586	\$ 130,280	\$ 144,002	\$ 145,119	\$ 145,706
Restricted	26,046	22,702	23,897	20,525	19,400	4,811
Unrestricted	<u>6,462</u>	<u>4,098</u>	<u>4,355</u>	<u>4,058</u>	<u>4,968</u>	<u>15,476</u>
Total governmental activities net assets	<u>\$ 150,674</u>	<u>\$ 151,386</u>	<u>\$ 158,532</u>	<u>\$ 168,585</u>	<u>\$ 169,487</u>	<u>\$ 165,993</u>
Business-type activities						
Invested in capital assets, net of related debt	\$ 50,529	\$ 50,148	\$ 41,327	\$ 55,008	\$ 58,496	\$ 55,719
Restricted	53	523	531	550	571	373
Unrestricted	<u>60</u>	<u>218</u>	<u>1,965</u>	<u>2,478</u>	<u>918</u>	<u>2,743</u>
Total business-type activities net assets	<u>\$ 50,642</u>	<u>\$ 50,889</u>	<u>\$ 43,823</u>	<u>\$ 58,036</u>	<u>\$ 59,985</u>	<u>\$ 58,835</u>
Primary government						
Invested in capital assets, net of related debt	\$ 168,695	\$ 174,734	\$ 171,607	\$ 199,010	\$ 203,615	\$ 201,425
Restricted	26,099	23,225	24,428	21,075	19,971	5,184
Unrestricted	<u>6,522</u>	<u>4,316</u>	<u>6,320</u>	<u>6,536</u>	<u>5,886</u>	<u>18,219</u>
Total primary government net assets	<u>\$ 201,316</u>	<u>\$ 202,275</u>	<u>\$ 202,355</u>	<u>\$ 226,621</u>	<u>\$ 229,472</u>	<u>\$ 224,828</u>

The City implemented GASB 34 for the year ending June 30, 2003. Information is not available for years prior to implementation.

CITY OF DIXON
CHANGES IN NET ASSETS, LAST SIX FISCAL YEARS
(accrual basis of accounting, in thousands of dollar)

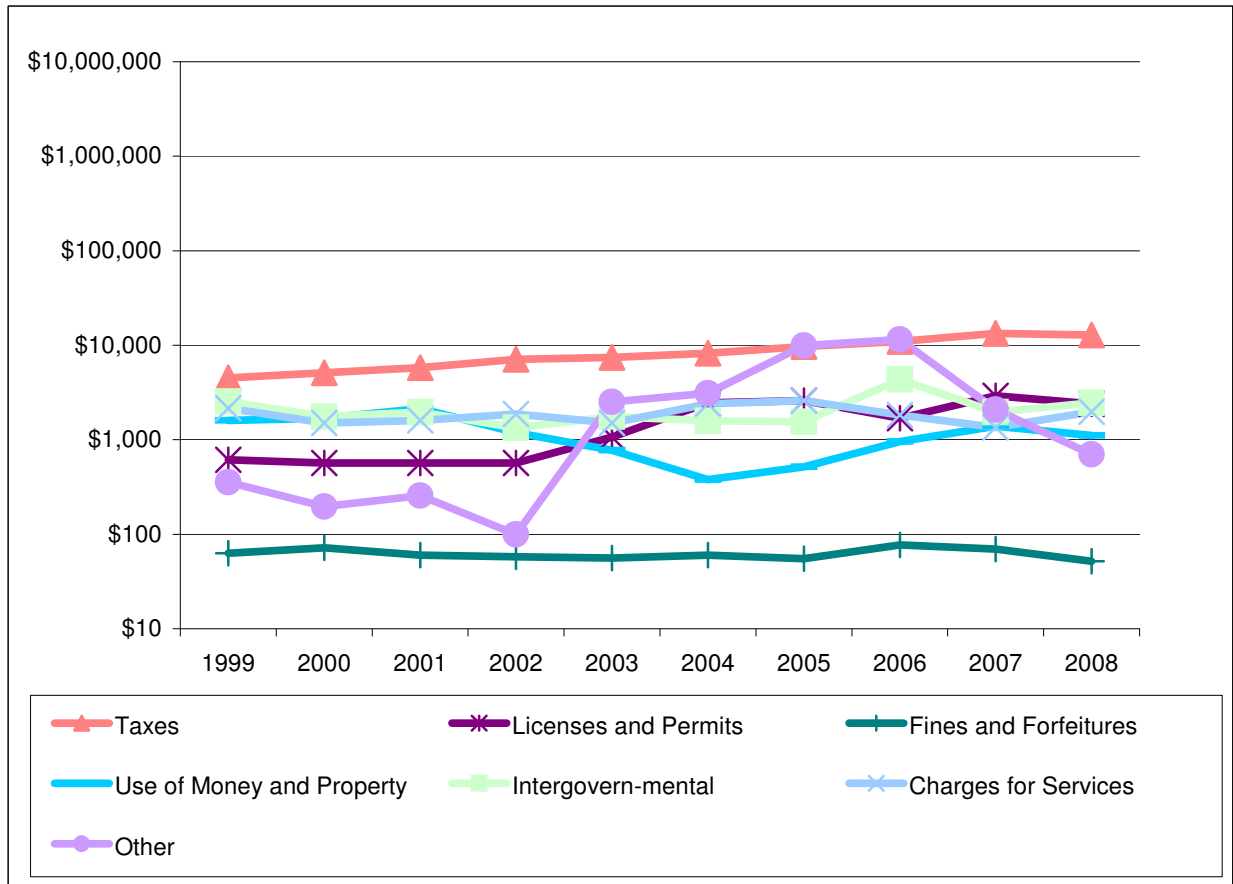
	Fiscal Year					
	2003	2004	2005	2006	2007	2008
Expenses						
Governmental Activities						
General government	\$ 2,592	\$ 1,962	\$ 2,160	\$ 2,612	\$ 3,048	\$ 3,534
Public safety	6,871	5,791	6,271	6,828	7,425	7,798
Public services	1,015	1,416	1,500	1,963	2,176	2,254
Recreation	706	1,878	2,098	1,799	2,303	2,859
Community development	1,745	5,248	7,013	5,890	5,745	6,455
Interest and fiscal charges	641	525	555	535	769	445
Total government activities	<u>13,570</u>	<u>16,820</u>	<u>19,597</u>	<u>19,627</u>	<u>21,466</u>	<u>23,345</u>
Business-type Activities						
Sewer	1,777	2,191	2,761	2,341	2,701	3,150
Water	474	583	583	555	711	779
Transit	397	482	601	646	642	713
Total business-type activities	<u>2,648</u>	<u>3,256</u>	<u>3,945</u>	<u>3,542</u>	<u>4,054</u>	<u>4,642</u>
Total primary government	<u>\$ 16,218</u>	<u>\$ 20,076</u>	<u>\$ 23,542</u>	<u>\$ 23,169</u>	<u>\$ 25,520</u>	<u>\$ 27,987</u>
Program Revenues						
Charges for services						
General government	\$ 247	\$ 1,384	\$ 1,334	\$ 1,744	\$ 1,363	\$ 1,884
Public safety	930	526	633	696	727	778
Parks and recreation	3,185	342	248	139	200	233
Development	71	70	91	109	1,322	544
Public ways and facilities	-	2,184	2,196	376	151	475
Operating grants	603	586	885	1,122	445	632
Capital grants	1,147	3,351	10,303	12,718	2,326	2,122
Total governmental activities	<u>6,183</u>	<u>8,443</u>	<u>15,690</u>	<u>16,904</u>	<u>6,534</u>	<u>6,668</u>
Business-type Activities						
Charges for services	1,893	3,028	1,728	1,817	2,115	2,376
Operating grants & contributions	337	334	458	501	558	577
Capital grants & contributions	1,924	87	4,634	3,725	2,974	-
Total business-type activities	<u>4,154</u>	<u>3,449</u>	<u>6,820</u>	<u>6,043</u>	<u>5,647</u>	<u>2,953</u>
Total primary government	<u>\$ 10,337</u>	<u>\$ 11,892</u>	<u>\$ 22,510</u>	<u>\$ 22,947</u>	<u>\$ 12,181</u>	<u>\$ 30,940</u>
Net (Expense)/Revenue						
Governmental activities	\$ (7,387)	\$ (8,377)	\$ (3,907)	\$ (2,723)	\$ (14,932)	\$ (16,677)
Business-type activities	1,506	193	2,875	2,501	1,593	(1,689)
Total primary government	<u>\$ (5,881)</u>	<u>\$ (8,184)</u>	<u>\$ (1,032)</u>	<u>\$ (222)</u>	<u>\$ (13,339)</u>	<u>\$ (18,366)</u>

CITY OF DIXON
CHANGES IN NET ASSETS, LAST SIX FISCAL YEARS (continued)
(accrual basis of accounting, in thousands of dollar)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Revenues						
Government Activities						
Taxes						
Sales and use taxes	\$ 3,686	\$ 3,856	\$ 4,144	\$ 4,742	\$ 6,288	\$ 5,558
Property taxes	3,179	3,513	4,269	4,888	5,335	5,504
Motor vehicle and gas taxes	937	1,058	1,339	1,432	1,817	1,790
Franchise taxes	197	407	405	437	492	472
Transient occupancy taxes	179	165	192	225	266	243
Interest and investment	827	360	525	936	1,365	1,072
Rental income	169	102	20	43	33	36
Gain on sale of capital assets	(8)	(60)	1	-	-	-
Other revenue	-	18	116	45	148	50
Total governmental activities	<u>9,166</u>	<u>9,419</u>	<u>11,011</u>	<u>12,748</u>	<u>15,744</u>	<u>14,725</u>
Business-type Activities						
Interest and investment	80	54	97	170	304	249
Other revenue	(3)	-	3	1,570	144	449
Total business-type activities	<u>77</u>	<u>54</u>	<u>100</u>	<u>1,740</u>	<u>448</u>	<u>698</u>
Other sources/uses of money	(1,239)	-	-	-	-	-
Total primary government	<u>\$ 8,004</u>	<u>\$ 9,473</u>	<u>\$ 11,111</u>	<u>\$ 14,488</u>	<u>\$ 16,192</u>	<u>\$ 15,423</u>
Change in Net Assets						
Governmental activities	\$ 540	\$ 1,042	\$ 7,104	\$ 10,025	\$ 812	\$ (1,952)
Business-type activities	1,583	247	2,975	4,241	2,041	(991)
Total primary government	<u>\$ 2,123</u>	<u>\$ 1,289</u>	<u>\$ 10,079</u>	<u>\$ 14,266</u>	<u>\$ 2,853</u>	<u>\$ (2,943)</u>

The City implemented GASB 34 for the year ending June 30, 2003. Information is not available for years prior to implementation.

CITY OF DIXON
GENERAL FUND REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(in thousands of dollar)



Fiscal Year	Taxes	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	Intergovernmental	Charges for Services	Other	Total
1999	\$ 4,509	\$ 613	\$ 63	\$ 1,603	\$ 2,531	\$ 2,146	\$ 356	\$ 11,821
2000	5,132	569	72	1,686	1,761	1,509	196	10,925
2001	5,785	568	60	2,142	1,960	1,598	257	12,370
2002	7,069	569	58	1,188	1,333	1,874	100	12,191
2003	7,434	1,071	56	776	1,761	1,500	2,524	15,122
2004	8,225	2,467	60	378	1,583	2,395	3,099	18,207
2005	9,725	2,601	55	518	1,551	2,588	9,921	26,959
2006	10,946	1,696	77	958	4,342	1,828	11,546	31,393
2007	13,343	2,913	70	1,394	1,961	1,349	2,079	23,109
2008	12,820	2,402	52	1,108	2,459	1,974	702	21,517

Source: City of Dixon Finance

The term general government encompasses the General Fund.
Excludes "Other Financing Sources" (non-recurring revenues) of funds.

CITY OF DIXON
FUND BALANCES, GOVERNMENTAL FUNDS, LAST SIX FISCAL YEARS
(modified accrual basis of accounting, in thousands of dollar)

	Fiscal Year					
	2003	2004	2005	2006	2007	2008
General Fund						
Reserved	\$ 944	\$ 1,617	\$ 735	\$ 682	\$ 813	\$ 313
Unreserved	<u>3,455</u>	<u>3,092</u>	<u>4,101</u>	<u>4,111</u>	<u>5,007</u>	<u>5,562</u>
Total General Fund	<u>\$ 4,399</u>	<u>\$ 4,709</u>	<u>\$ 4,836</u>	<u>\$ 4,793</u>	<u>\$ 5,820</u>	<u>\$ 5,875</u>
All other Governmental Funds						
Reserved	\$ 19,010	\$ 10,469	\$ 12,965	\$ 9,696	\$ 7,064	\$ 7,245
Unreserved						
Special revenue funds	4,471	2,234	1,960	2,058	1,868	2,200
Capital project funds	<u>3,803</u>	<u>6,745</u>	<u>7,954</u>	<u>6,286</u>	<u>8,383</u>	<u>5,517</u>
Total all other Governmental Funds	<u>\$ 27,284</u>	<u>\$ 19,448</u>	<u>\$ 22,879</u>	<u>\$ 18,040</u>	<u>\$ 17,315</u>	<u>\$ 14,962</u>

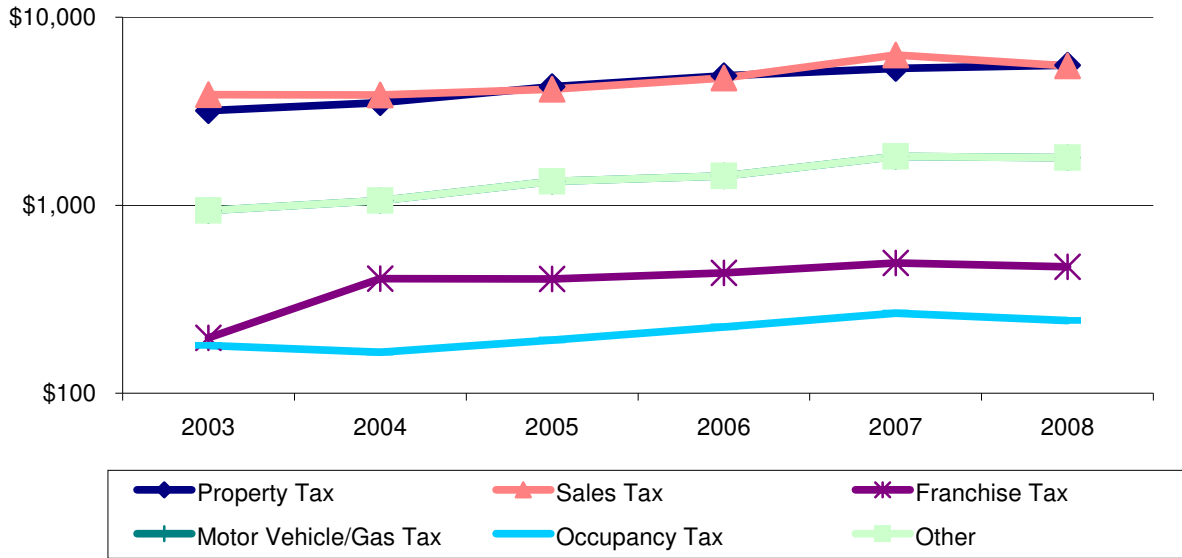
The City implemented GASB 34 for the year ending June 30, 2003. Information is not available for years prior to implementation.

CITY OF DIXON
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS, LAST SIX FISCAL YEARS
(modified accrual basis of accounting, in thousands of dollars)

	Fiscal Year						
	2002	2003	2004	2005	2006	2007	2008
<u>REVENUES</u>							
Taxes and assessments	\$ 9,563	\$ 10,191	\$ 8,225	\$ 9,725	\$ 10,946	\$ 13,343	\$ 12,820
License, permits, and fees	569	1,071	2,467	2,601	1,696	2,913	2,402
Fines and forfeitures	58	56	59	55	77	70	52
Use of money and property	1,188	819	378	518	957	1,394	1,108
Program income	-	-	399	581	1,594	768	111
Intergovernmental	1,333	1,761	1,185	970	2,748	1,193	2,459
Charges for services	1,874	3,869	5,261	2,588	1,828	1,349	1,974
Contributions	-	-	-	157	9,703	1,142	4
Developer fees	-	-	-	9,508	1,678	601	322
Other revenues	<u>100</u>	<u>153</u>	<u>233</u>	<u>256</u>	<u>165</u>	<u>336</u>	<u>265</u>
Total Revenues	<u>14,685</u>	<u>17,920</u>	<u>18,207</u>	<u>26,959</u>	<u>31,392</u>	<u>23,109</u>	<u>21,517</u>
<u>EXPENDITURES</u>							
General administration	3,155	2,955	1,864	2,092	2,505	2,939	3,554
Public safety	4,871	5,485	5,421	6,005	6,415	7,114	7,530
Parks and recreation	817	822	1,040	1,127	1,306	1,481	1,711
Development	-	-	2,106	2,251	2,686	2,665	2,880
Public ways and facilities	660	957	2,673	4,364	2,939	2,667	2,884
Capital outlay	3,346	4,324	9,224	8,633	17,182	4,807	4,602
Debt service:							
Principal	3,619	1,303	445	456	450	465	375
Interest and fiscal charges	<u>-</u>	<u>1,967</u>	<u>528</u>	<u>515</u>	<u>491</u>	<u>762</u>	<u>438</u>
Total Expenditures	<u>16,468</u>	<u>17,813</u>	<u>23,301</u>	<u>25,443</u>	<u>33,974</u>	<u>22,900</u>	<u>23,974</u>
Excess (deficiency) of Revenues over Expenditures	<u>(1,783)</u>	<u>107</u>	<u>(5,094)</u>	<u>1,516</u>	<u>(2,582)</u>	<u>209</u>	<u>(2,457)</u>
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers in	2,397	2,129	3,159	2,116	3,383	3,879	3,065
Transfers out	<u>(5,890)</u>	<u>(3,368)</u>	<u>(3,159)</u>	<u>(2,074)</u>	<u>(3,355)</u>	<u>(3,787)</u>	<u>(2,905)</u>
Total Other Financing Sources (Uses)	<u>(3,493)</u>	<u>(1,239)</u>	<u>-</u>	<u>42</u>	<u>28</u>	<u>92</u>	<u>160</u>
Net Change in Fund Balance	<u>\$ (5,276)</u>	<u>\$ (1,132)</u>	<u>\$ (5,094)</u>	<u>\$ 1,558</u>	<u>\$ (2,554)</u>	<u>\$ 301</u>	<u>\$ (2,297)</u>
Debt service as a % of noncapital expenditures	<u>27.6 %</u>	<u>24.2 %</u>	<u>6.9 %</u>	<u>5.8 %</u>	<u>5.6 %</u>	<u>6.8 %</u>	<u>4.2 %</u>

Source: City of Dixon Finance Department

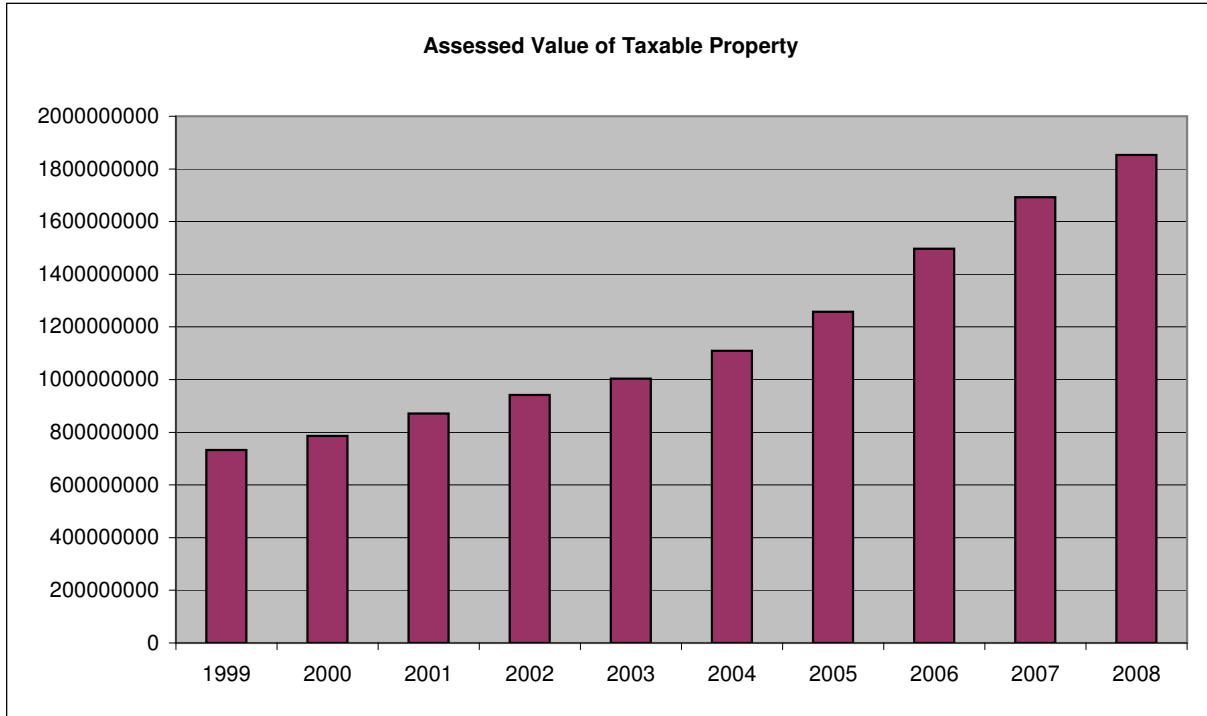
CITY OF DIXON
 GENERAL FUND TAX REVENUES BY SOURCE
 LAST SIX FISCAL YEARS
 (in thousands of dollar)



Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Vehicle/ Gas Tax	Occupancy Tax	Other	Total
2003	\$ 3,179	\$ 3,868	\$ 197	\$ 937	\$ 179	\$ 937	\$ 9,297
2004	3,513	3,856	407	1,058	165	1,058	10,057
2005	4,269	4,144	405	1,339	192	1,339	11,688
2006	4,888	4,742	437	1,432	225	1,432	13,156
2007	5,335	6,288	492	1,817	266	1,817	16,015
2008	5,558	5,504	471	1,789	243	1,789	15,354

Source: City of Dixon Finance Department
 Information prior to 2003 not available.

**CITY OF DIXON
 ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**



Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other (1)	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
1999	\$547,259,037	\$66,234,664	\$46,902,683	\$71,859,342	\$732,255,726	0.29095%	\$732,255,726
2000	587,323,455	73,298,035	51,481,561	74,601,759	786,704,810	0.29316%	786,704,810
2001	619,494,972	78,553,350	67,550,411	105,142,533	870,741,266	0.29895%	870,741,266
2002	689,618,186	88,895,109	83,378,765	79,296,776	941,188,836	0.30137%	941,188,836
2003	731,772,955	95,649,233	87,363,344	88,315,379	1,003,100,911	0.30633%	1,003,100,911
2004	789,235,795	97,562,184	91,000,687	131,398,683	1,109,197,349	0.30450%	1,109,197,349
2005	902,599,324	117,472,946	109,422,261	127,573,223	1,257,067,754	0.30105%	1,257,067,754
2006	1,118,505,103	121,514,359	120,636,093	135,819,451	1,496,475,006	0.28995%	1,496,475,006
2007	1,274,422,301	145,650,411	130,704,860	142,359,638	1,693,137,210	0.28837%	1,693,137,210
2008	1,379,032,478	165,134,084	158,906,122	150,325,141	1,853,397,825	0.28893%	1,853,397,825

Notes:

- [a] Includes "supplemental roll" tax receipts for property transfer after "lien date" (collections can exceed 100% of levy).
- [b] Taxes receipted net of administrative collections (SB-2557) charges and redevelopment pass-thrus.

Source : HDL, Coren & Cone

CITY OF DIXON

Property Tax Rates -- Direct and Overlapping Governments
Last Ten Fiscal Years (Per \$100 of Assessed Value) (UNAUDITED)

Fiscal Year	Basic County City School Levy	Solano County Debt Service	Dixon Unified School District	Sewer Improvement Bonds	Solano County Flood Water Project	Solano Community College	Total
1998	1	0.00232	0.00734	0.00542	0.02	-	1.0351
1999	1	-	0.00747	-	0.02	-	1.0275
2000	1	-	0.0068	-	0.02	-	1.0268
2001	1	-	0.0045	-	0.02	-	1.0245
2002	1	-	-	-	0.02	-	1.0200
2003	1	-	-	-	0.02	-	1.0200
2004	1	-	0.06659	-	0.02	-	1.0866
2005	1	-	0.04342	-	0.02	-	1.0799
2006	1	-	0.05985	-	0.02	-	1.0799
2007	1	-	0.06135	-	0.02	0.00336	1.0847
2008	1	-	0.05944	-	0.02	0.00269	1.0812

Source: Solano County Auditor Controller's Office

THE CITY OF DIXON
2007/08 TOP TEN PROPERTY TAXPAYERS

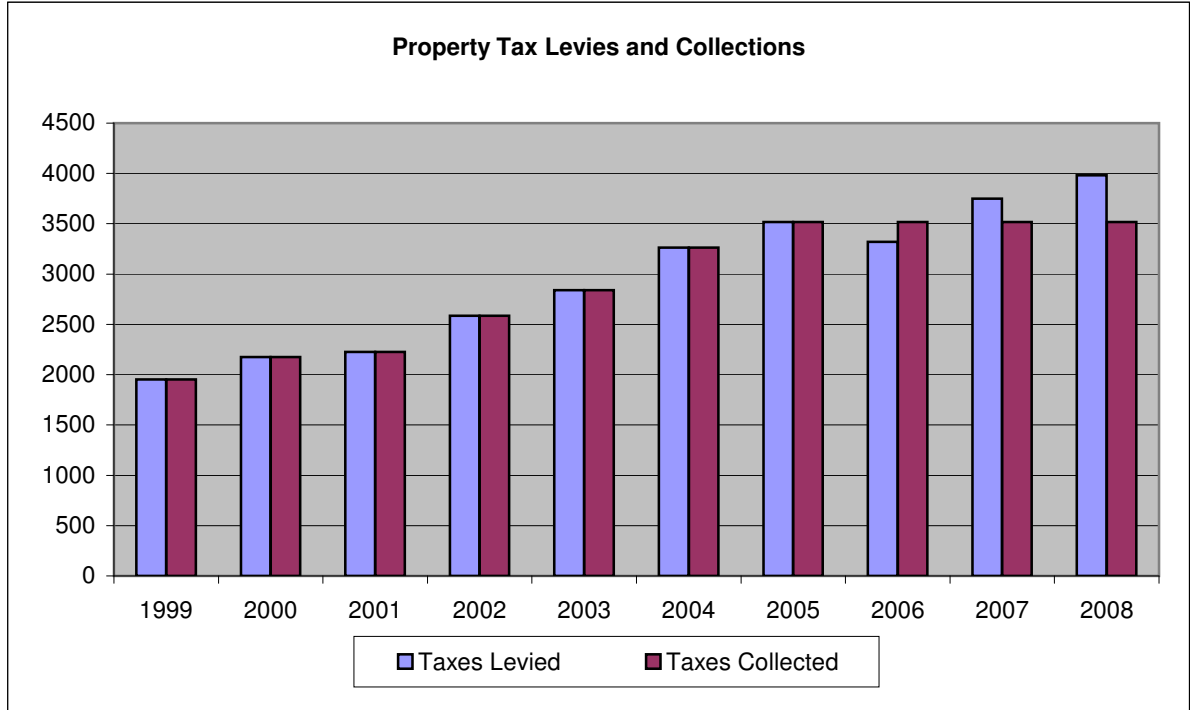
Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Revenue	Portion Of City	Parcels	Revenue	Portion Of City	Revenue	Portion Of City	
1) Basalite Concrete Products LLC	4	\$291,473.46	5.65%				\$291,473.46	5.45%	Industrial
		\$261,442.07	5.07%				\$261,442.07	4.89%	DIXON RDA
2) Premier Industries Inc.	2	\$118,775.08	2.30%				\$118,775.08	2.22%	Industrial
		\$109,409.59	2.12%				\$109,409.59	2.04%	DIXON RDA
3) Milgard Manufacturing Inc.	1	\$75,284.87	1.46%				\$75,284.87	1.41%	Industrial
		\$69,348.61	1.34%				\$69,348.61	1.30%	DIXON RDA
4) Cardinal Health 200 Inc.	1	\$46,156.72	0.89%				\$46,156.72	0.86%	Industrial
		\$0.00	0.00%				\$0.00	0.00%	TD #1
5) B & T LLC	3	\$46,053.97	0.89%				\$46,053.97	0.86%	Industrial
		\$42,422.58	0.82%				\$42,422.58	0.79%	DIXON RDA
6) Adam & Emily Ascher	21	\$42,568.45	0.83%				\$42,568.45	0.80%	Residential
		\$39,211.90	0.76%				\$39,211.90	0.73%	DIXON RDA
7) Karamjit Grewal	5	\$37,909.23	0.73%	1	\$1,286.62	0.67%	\$39,195.85	0.73%	Commercial
		\$32,936.95	0.64%		\$1,093.43	0.57%	\$34,033.39	0.64%	DIXON RDA
8) Dependable Sheet Metal	6	\$36,666.17	0.71%				\$36,666.17	0.69%	Industrial
		\$32,942.87	0.64%				\$32,942.87	0.62%	DIXON RDA
9) Altec Industries Inc.	3	\$35,598.02	0.69%				\$35,598.02	0.67%	Industrial
		\$32,791.10	0.64%				\$32,791.10	0.61%	DIXON RDA
10) Gymboree Logistics Partnership	2	\$23,542.22	0.46%	1	\$11,171.26	5.84%	\$34,713.49	0.65%	Industrial
		\$0.00	0.00%		\$0.00	0.00%	\$0.00	0.00%	TD #1
Top Ten Totals	48	\$754,028.20	14.61%	2	\$12,457.89	6.51%	\$766,486.09	14.32%	
		\$620,505.68	12.03%		\$1,096.43	6.51%	\$621,602.12	11.62%	
City Totals		\$5,159,676.45			\$191,390.05		\$5,351,066.50		
		\$2,139,419.76			\$123,309.69		\$2,262,729.45		

THE CITY OF DIXON
1998/99 TOP TEN PROPERTY TAXPAYERS

Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Revenue	Portion Of City	Parcels	Revenue	Portion Of City	Revenue	Portion Of City	
1) Premier Industries, Inc.	3	\$49,042.59	2.46%	1	\$17,911.41	14.05%	\$66,954.01	3.15%	Industrial
		\$38,216.85	1.91%		\$14,075.07	11.04%	\$52,291.92	2.46%	DIXON RDA
2) Pacific Coast Building Pro Inc.	3	\$55,010.49	2.75%				\$55,010.49	2.59%	Industrial
		\$41,890.42	2.10%				\$41,890.42	1.97%	DIXON RDA
3) SVOC Affordable Homes	72	\$29,213.44	1.46%				\$29,213.44	1.38%	Residential
		\$22,725.00	1.14%				\$22,725.00	1.07%	DIXON RDA
4) First Northern Bank of Dixon	3	\$24,174.17	1.21%				\$24,174.17	1.14%	Commercial
		\$18,295.54	0.92%				\$18,295.54	0.86%	DIXON RDA
5) Milgard Tempering Inc.				1	\$17,536.20	13.76%	\$17,536.20	0.83%	Unsecured
					\$13,780.22	10.81%	\$13,780.22	0.65%	DIXON RDA
6) Safeway Stores	1	\$15,019.77	0.75%				\$15,019.77	0.71%	Commercial
		\$0.00	0.00%				\$0.00	0.00%	TD #1
7) Altec Industries Inc.	2	\$14,546.09	0.73%				\$14,546.09	0.68%	Industrial
		\$11,341.14	0.57%				\$11,341.14	0.53%	DIXON RDA
8) Mililani Group Inc.	1	\$13,874.40	0.69%				\$13,874.40	0.65%	Industrial
		\$0.00	0.00%				\$0.00	0.00%	TD #1
9) Gymboree Logistics Partnership	1	\$13,302.89	0.67%				\$13,302.89	0.63%	Industrial
		\$0.00	0.00%				\$0.00	0.00%	TD #1
10) Dixon Commercial Properties	8	\$13,222.67	0.66%				\$13,222.67	0.62%	Vacant Land
		\$10,304.62	0.52%				\$10,304.62	0.49%	DIXON RDA
Top Ten Totals	94	\$227,406.53	11.39%	2	\$35,447.61	27.81%	\$262,854.14	12.37%	
		\$142,773.57	7.15%		\$27,855.29	27.81%	\$170,628.86	8.03%	
City Totals		\$1,996,998.44			\$127,483.76		\$2,124,482.20		
		\$654,519.77			\$78,581.23		\$733,100.99		

Source : HDL, Coren & Cone

**CITY OF DIXON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**
(in thousands of dollar)



Fiscal Year	Taxes Levied for the Fiscal Year	Collected with the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
		Amount	Percentage Levy		Amount	Percentage Levy
1999	\$ 1,954	\$ 1,954	100%	-	\$ 1,954	100%
2000	2,174	2,174	100%	-	2,174	100%
2001	2,226	2,226	100%	-	2,226	100%
2002	2,587	2,587	100%	-	2,587	100%
2003	2,839	2,839	100%	-	2,839	100%
2004	3,262	3,262	100%	-	3,262	100%
2005	3,517	3,517	100%	-	3,517	100%
2006	3,321	3,517	106%	-	3,517	106%
2007	3,748	3,517	94%	-	3,517	94%
2008	3,982	3,517	88%	-	3,517	88%

Source: Solano County Auditor Controller's Office

1) Property tax for the City of Dixon 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 ad valorem taxes levies, without regard to the actual collection of the taxes levied. This method was placed in effect by Solano County in the 1965/66 tax year and remains in effect unless the County Board of Supervisors orders its discontinuance.

CITY OF DIXON
TAXABLE SALES BY CATEGORY
LAST TEN FISCAL YEARS (in thousands of dollars)

	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>
Major Business Groups										
Apparel	\$ 221	\$ 289	\$ 459	\$ 1,357	\$ 2,618	\$ 4,891	\$ 6,011	\$ 10,967	\$ 15,131	\$ 20,166
General Merchandise	63	127	145	140	166	6,581	25,778	30,371	40,323	39,596
Food Stores	8,178	8,705	9,345	9,695	9,554	9,749	9,353	9,121	8,523	8,708
Eating and Drinking Places	18,719	19,197	21,249	22,535	23,128	24,097	26,091	27,148	27,417	27,731
Building Materials	9,192	10,452	9,072	9,402	10,777	11,401	10,758	11,349	10,447	11,706
Auto Dealers and Supplies	10,804	14,440	14,509	18,348	19,832	19,395	23,894	23,601	21,751	21,623
Service Stations	15,168	19,650	24,298	26,927	26,054	30,871	39,932	42,140	44,901	54,286
Other Retail Stores	7,158	10,633	13,651	16,485	16,837	18,962	20,164	20,927	21,987	21,353
All other outlets	73,865	70,673	90,840	136,784	225,035	239,893	252,320	276,666	333,590	349,328
Fiscal Year Totals	<u>\$ 143,368</u>	<u>\$ 154,166</u>	<u>\$ 183,568</u>	<u>\$ 241,673</u>	<u>\$ 334,001</u>	<u>\$ 365,840</u>	<u>\$ 414,301</u>	<u>\$ 452,290</u>	<u>\$ 524,070</u>	<u>\$ 554,497</u>

Source: State of California Board of Equalization and Hdl Coren & Coren and Companies

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available.

The categories presented are intended to provide alternative information regarding the sources of the City's revenue.

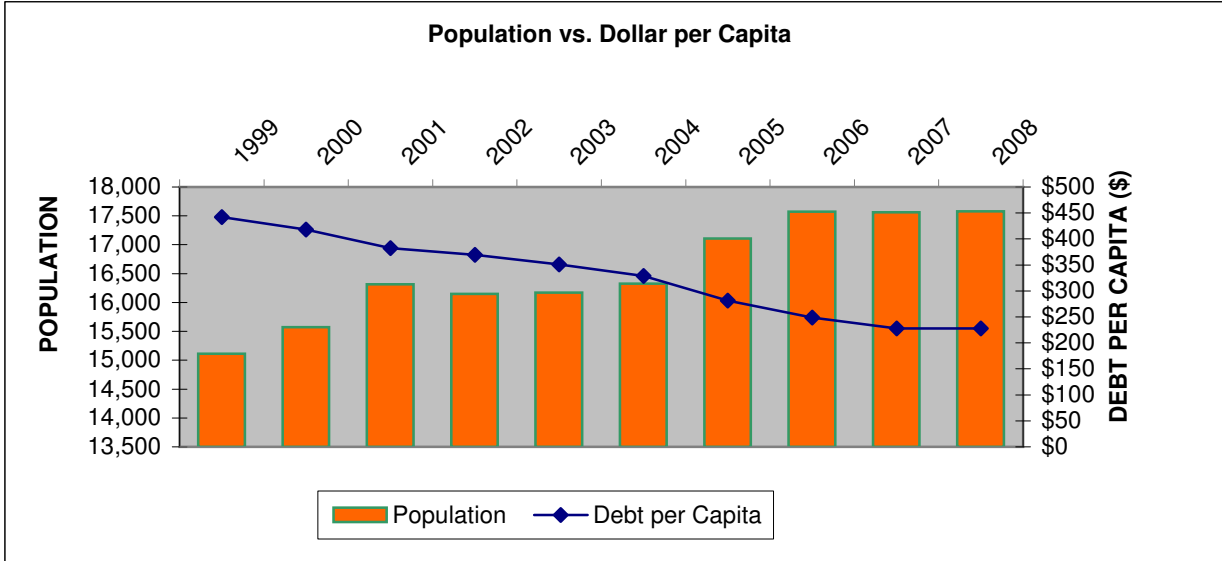
CITY OF DIXON
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(in thousands of dollar)

Fiscal Year	Governmental Activities					Business-type Activities		Total Primary Government	Percent of Assessed Value	Population	Debt per Capita
	Tax Allocation Bonds	Lease Revenue Bonds	COPS	Compensated Absences	Capital Leases	Wastewater COPS					
1999	\$ 4,305	\$ 6,005	\$ 675		\$ 171	\$ 2,630	\$13,786	1.883%	15,110	\$912	
2000	4,230	5,830	685	412	141	2,545	13,843	1.760%	15,571	889	
2001	4,150	5,635	605	475	116	2,460	13,441	1.544%	16,313	824	
2002	4,065	5,430	535	530	91	2,375	13,026	1.384%	16,150	807	
2003	3,975	5,215	460	653	61	2,290	12,654	1.261%	16,173	782	
2004	3,880	4,985	380	818	31	2,205	12,299	1.109%	16,325	753	
2005	3,675	4,515	295	663	-	2,120	11,268	0.896%	17,107	659	
2006	3,565	4,265	105	893	-	2,035	10,863	0.726%	17,574	618	
2007	3,450	4,005	-	948	-	1,950	10,353	0.611%	17,563	589	
2008	3,450	4,005	-	912	-	1,865	10,232	0.552%	17,577	582	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City Finance Department

CITY OF DIXON
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(in thousands of dollar)



Fiscal Year	Lease Revenue Bonds	COPS	Total Primary Government	Percent of Assessed Value	Population	Debt per Capita	Fiscal Year
1999	\$ 6,005	\$ 675	\$ 6,680	0.912%	15,110	\$442	1999
2000	5,830	685	6,515	0.828%	15,571	\$418	2000
2001	5,635	605	6,240	0.717%	16,313	\$383	2001
2002	5,430	535	5,965	0.634%	16,150	\$369	2002
2003	5,215	460	5,675	0.566%	16,173	\$351	2003
2004	4,985	380	5,365	0.484%	16,325	\$329	2004
2005	4,515	295	4,810	0.383%	17,107	\$281	2005
2006	4,265	105	4,370	0.292%	17,574	\$249	2006
2007	4,005	-	4,005	0.237%	17,563	\$228	2007
2008	4,005	-	4,005	0.216%	17,577	\$228	2008

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Source: City Finance Department

CITY OF DIXON
COMPUTATION OF LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

[a]

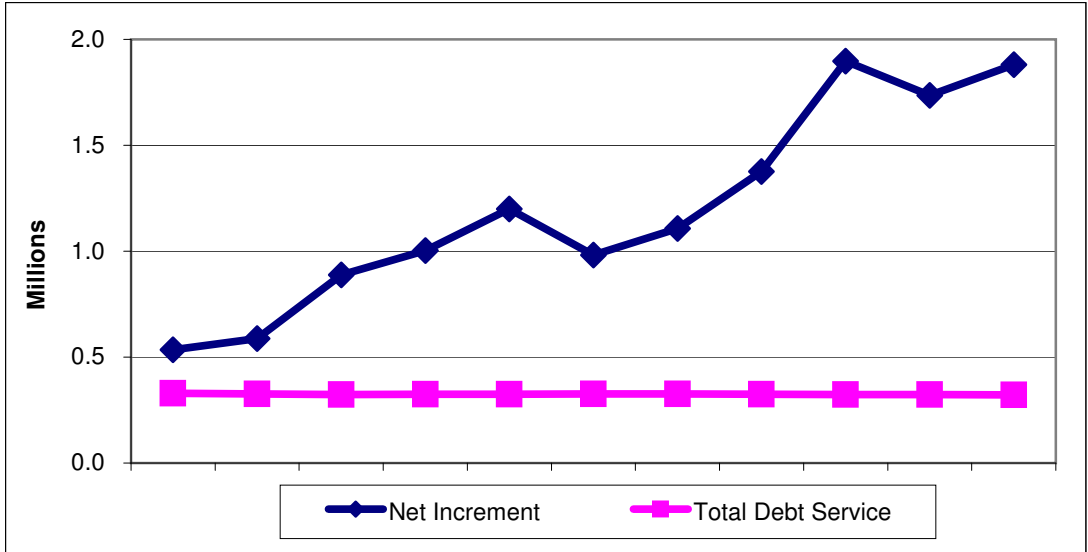
Fiscal Year	Total assessed value of all real and personal property	Legal debt limit - 15% of total assessed valuation	Amount of debt applicable to limit	Legal debt margin
1998		\$ -		\$ -
1999	\$ 732,255	\$ 109,838	\$ -	\$ 109,838
2000	\$ 786,705	\$ 118,006	\$ -	\$ 118,006
2001	\$ 870,741	\$ 130,611	\$ -	\$ 130,611
2002	\$ 941,189	\$ 141,178	\$ -	\$ 141,178
2003	\$ 1,003,101	\$ 150,465	\$ -	\$ 150,465
2004	\$ 1,109,197	\$ 166,380	\$ -	\$ 166,380
2005	\$ 1,257,067	\$ 188,560	\$ -	\$ 188,560
2006	\$ 1,496,475	\$ 224,471	\$ -	\$ 224,471
2007	\$ 1,693,137	\$ 253,971	\$ -	\$ 253,971
2008	\$ 1,853,397	\$ 278,010	\$ -	\$ 278,010

Note

[a] Per California Government Code Section 43605

Source: City of Dixon Finance Department

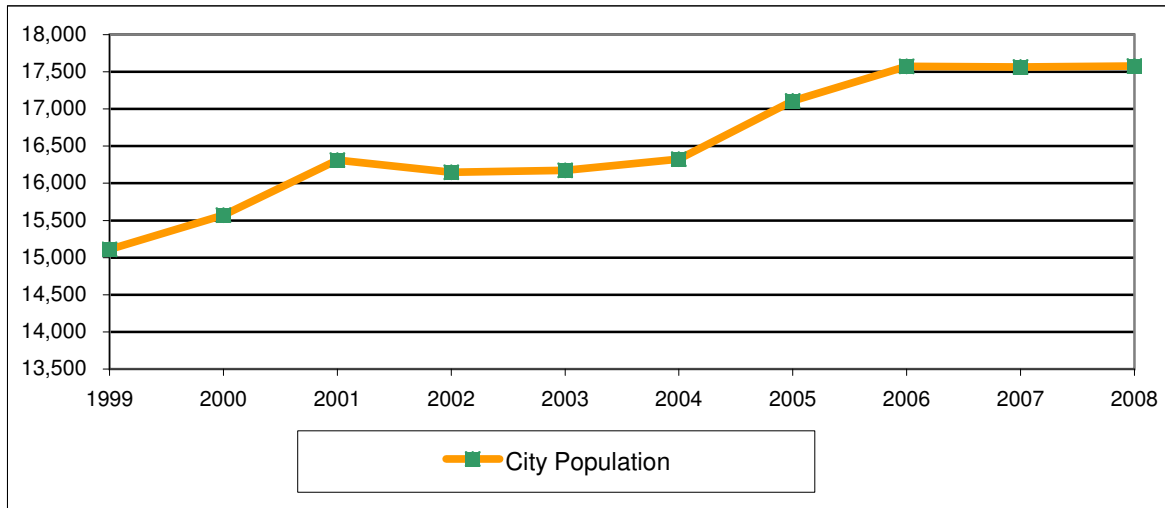
CITY OF DIXON
TAX ALLOCATION BOND COVERAGE
LAST TEN FISCAL YEARS
(in thousands of dollar)



Fiscal Year	Redevelopment Agency Property Increments	Less Low and Moderate Income Housing Set-Aside	Net Increment	Debt Service		Total Debt Service
			Revenue Available for Debt Service	Principal	Interest	
1997-1998	669	134	535	70	260	330
1998-1999	733	146	587	70	256	326
1999-2000	1,063	175	888	75	249	324
2000-2001	1,204	201	1,003	80	245	325
2001-2002	1,444	245	1,199	85	240	325
2002-2003	1,237	255	982	90	236	326
2003-2004	1,400	292	1,108	95	231	326
2004-2005	1,720	344	1,376	100	225	325
2005-2006	2,280	382	1,898	105	219	324
2006-2007	2,169	433	1,736	110	213	323
2007-2008	2,350	470	1,880	115	207	322

Source: City of Dixon Finance

CITY OF DIXON
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS



Fiscal Year	(a) City Population	(b) Personal Income (thousands of dollars)	(c) Per Capita Personal Income	(d) School Enrollment	(e) Unemployment Rate
1999	15,110	347,590	23,004	3,421	5.8%
2000	15,571	376,787	24,198	3,646	4.6%
2001	16,313	413,404	25,342	3,857	4.7%
2002	16,150	444,593	27,529	3,873	4.2%
2003	16,173	463,890	28,683	3,997	5.0%
2004	16,325	474,878	29,089	3,933	4.6%
2005	17,107	516,238	30,177	3,929	4.2%
2006	17,574	557,043	31,697	4,050	3.8%
2007	17,563	*	*	4,088	4.2%
2008	17,577	*	*	4,127	6.3%

Data Source :

- (a) State of California Department of Finance, estimated population.
- (b) State of California, Department of Education
- (d) State of California Employment Development Department, Solano County

* Data not available

CITY OF DIXON
PRINCIPAL EMPLOYERS

Fiscal Year Ended June 30

Type	Employer	Employees
Non-Manufacturing	Kragen Auto Works	350
Public	Dixon Unified School District	325
Non-Manufacturing	Gymboree, Inc.	200
Non-Manufacturing	Cardinal Health	200
Non-Manufacturing	First Northern Bank	151
Public	City of Dixon	120
Non-Manufacturing	Safeway	75
Non-Manufacturing	B.C. Stocking Distribution	75
Non-Manufacturing	Dixon Canning Corporation (seasonal)	300

Data Source: City of Dixon Community Development

CITY OF DIXON
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
Management Services	5.75	6.50	6.50	7.50	7.50	7.35	7.35	7.50	7.50	7.50
Finance	5.30	5.30	5.25	5.30	5.30	5.30	6.30	6.30	6.66	7.50
Planning	2.60	2.60	2.63	2.63	2.63	2.63	3.00	4.00	4.00	4.00
Building	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Other - Transit	3.78	3.78	5.18	5.43	5.88	5.90	6.34	7.09	7.09	7.68
Police										
Officers	24.00	26.00	26.00	26.00	26.00	26.00	27.50	30.00	30.00	31.00
Civilians	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Fire										
Firefighters and officers	12.00	14.50	17.50	19.00	19.00	19.00	19.00	22.00	22.00	21.00
Civilians	1.50	1.50	1.50	1.50	1.50	1.75	1.75	1.75	1.88	2.00
Public Works										
Engineering	3.00	3.00	3.50	5.00	6.00	9.00	9.00	10.00	10.00	10.00
Maintenance	15.00	16.00	19.00	22.50	22.50	20.40	21.60	21.60	21.60	22.40
Redevelopment	1.10	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00
Parks and recreation	2.10	3.00	3.00	3.00	3.00	3.00	3.00	4.00	4.00	4.00
Wastewater collection and treatment	4.00	4.00	4.00	4.50	4.50	5.00	5.30	5.30	5.36	6.50
Total	<u>83.13</u>	<u>90.43</u>	<u>98.30</u>	<u>106.60</u>	<u>108.05</u>	<u>109.33</u>	<u>114.14</u>	<u>125.54</u>	<u>126.09</u>	<u>129.58</u>

Paid employees only (excluding reserves and volunteers)

CITY OF DIXON, CALIFORNIA

Miscellaneous Statistical Information

Date of Incorporation: March 30, 1878
 Form of Government: Mayor/Council/Manager

Year	2004	2005	2006	2007	2008
Number of Employees:					
Classified	85	92	97.54	98.09	101.58
Exempt	26	23	28	28	28
Area in square miles	6.5	6.5	6.5	6.5	6.5
City of Dixon facilities and services:					
Miles of streets	60.87	62.33	62.33	62.33	62.33
Miles of storm drainage system	43.1	43.1	43.1	43.1	43.1
Numbers of street and park lights	1,576	1,576	2,020	2,020	2,020
Parks and recreation:					
Senior/Multi-Use Center	1	1	1	1	1
Soccer fields	5	5	5	5	5
Ball diamonds	11	11	11	11	11
Parks and greenbelts	7	7	7	7	7
Park acreage	89	89	89	89	89
Swimming pools	1	1	1	1	1
Tennis courts	6	6	6	6	6
Fire protection:					
Number of stations	1	1	1	1	1
Number of fire personnel and officers	21	21	22	22	23
Number of volunteers	35	35	12	12	12
Number of calls answered	1965	1965	1,900	1,923	1,983
Police protection:					
Number of stations	1	1	1	1	1
Number of police personnel and officers	27	28	30	30	32
Number of reserve officers	2	2	3	3	2
Number of patrol units	14	17	17	17	17
Number of law violations (calendar 2007)					
Physical arrests	543	583	602	568	589
Traffic citations	1135	1083	883	1,405	961
Parking citations	210	334	360	594	481
Sewer system:					
Miles of sanitary sewers	72	72	72	72	72
Number of treatment plants	1	1	1	1	1
Number of service connections	4905	4905	5,196	5,196	5,196
Daily average treatment in gallons (million gallons per day)	1.365	1.48	1.365	1.365	1.365
Maximum daily capacity of treatment plant in gallons	1.4 million	1.82 million	1.82 million	1.82 million	1.82 million
Transit service:					
Number of buses	6	6	6	7	6
Daily average number of passengers	260	260	257	254	260
Daily average number of service miles	230	230	385	382	230
Water Service - Dixon-Solano Municipal Water System					
Maximum pumping capacity (million gallons per day)	10.64	10.64	11.93	11.93	11.93
Average consumption (million gallons per day)	1.75	1.75	2.05	2.35	2.32
Facilities and services not included in the reporting entity:					
Education:					
Number of elementary schools	4	4	6	6	4
Number of secondary schools	3	3	3	3	3
Number of instructors	201	201	204	212	201

Source: City of Dixon Finance Department

OTHER REPORTS



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

To the City Council of
 the City of Dixon
 Dixon, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Dixon (the "City"), as of and for the year ended June 30, 2008, which collectively comprise the City of Dixon's basic financial statements and have issued our report thereon dated January 8, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2008-1.

PRINCIPALS

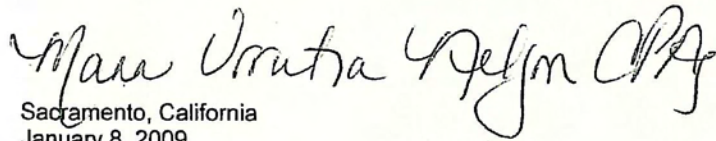
Chris A. Mann, CPA, CFP • John R. Urrutia, CPA • Michelle O. Nelson, CPA, CFE, CVA • Christine L. Collins, EA

Kriss Ann Mann, CPA CCPS • Justin J. Williams, CPA

We noted certain other matters that we reported to management of the City in a separate letter dated January 8, 2009.

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

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


Sacramento, California
January 8, 2009

CITY OF DIXON
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2008

Finding 2008-1: RDA Compliance

Criteria

Health and Safety Code 33080.1 requires that the Redevelopment Agency of the City of Dixon (Agency) submit on a timely basis to its legislative body and the State Controller their annual report within six months of the end of a fiscal year (generally December 31).

Condition

The Agency failed to file the Department of Housing and Community Development report for the 2006-07 year in a timely manner.

Cause

It appears turnover in both the Economic Development and Finance Department resulted in miscommunication of deadlines and required information needed to complete the report.

Recommendation

We recommend the Agency management ensure they submit all required reports based on RDA guidelines for the 2007-08 fiscal year.

Management's Response

Upon receiving notice from the State Controller's office, the Agency submitted the required 2006-07 report in January of 2008. The report for FY 2007-08 was submitted before the deadline for submission.

CITY OF DIXON
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2008

Finding 2006/07-1

Condition

The City did not have adequate staff in the Finance Department to properly close the books prior to the scheduled start date of the June 30, 2007 audit. Many accounts and transactions were not reconciled until December or January 2008. Accounts and transactions not adequately reconciled as of the October 29, 2007 scheduled start date of year end fieldwork included 1) cash and investments; 2) accounts receivable, grants receivable, taxes receivable and related income accounts; 3) loans receivable and related income and expense accounts; 4) interfund transactions; 5) capital asset cost, accumulated depreciation, depreciation expense and capital outlay expense; 6) accounts payable under construction contracts and related retention payable; 7) deferred exchange revenue; 8) long term debt, compensated absences, interest payable, principal and interest expense and the current portion of these amounts; 9) fund balance/net assets, including reserves/restrictions and designations; 10) construction commitments; and 11) contingent liabilities.

Status - In Process.

Current Status – The recommendation was partially implemented by the successful recruitment of a well qualified and experienced Accounting Manager. It should be noted that staff has not had enough time to correct all problems noted in the Management Letter prepared in June of 2008. There are still some minor items remaining to be corrected over the next few years which have delayed the completion of the closing entries. Nevertheless, an audit which for the first time since 2006, included a Comprehensive Annual Financial Report, was completed five months earlier than the prior year.

Finding 2006/07-2

Condition

The fund balance used in the excess surplus calculation reported in the City's June 30, 2006 and 2007 Housing Activities Reports related to the City of Dixon Redevelopment Agency were not adequately reconciled to the audited financial statements.

Status - Implemented

Current Staff agrees with the recommendation and has implemented the necessary changes to reconcile the excess surplus to fund balance and has created separate funds as recommended.

Finding 2006/07-3

Condition

The Transit fund was not adequately reviewed to ensure requirements contained in the Transportation Development Act were met, including whether allocations from the Metropolitan Transportation Commission were spent, needed to be deferred or net assets restricted for future use.

Status - Implemented.

Current Staff recognizes the necessity of performing timely reconciliations and closing entries prior to the start of the annual audit. Due to the vacancies and turnover in qualified accounting staff in the past two years, staff was not able to do the required work on a timely basis. Please see the previous recommendation on Closing Entries.

CITY OF DIXON
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2008

Finding 2006/07-4

Condition

The City 's general ledger does not contain the detail for the City of Dixon's and Solano Irrigation District's share of the Dixon-Solano Municipal Water Service's (DSMWS) activity, including capital assets and fund balance restrictions, needed to prepare the combining fund schedules reported in the separate DSMWS financial statements.

Status - Implemented.

Recommendation implemented to the extent it could be cost effectively implemented.

Finding 2006/07-5

Condition

The City's general ledger contains numerous account names that do not reflect the contents of the accounts.

Status - Implemented.

The recommendation has been implemented to the extent that it could be done without jeopardizing the historical accounting records.

Finding 2006/07-6

Condition

The City had a number of minor violations of compliance requirements related to the major federal program tested. These violations included charging an immaterial amount of indirect costs to the program based on a cost study that had not been updated for several years, failing to report certain program income (interest) and program expenses in the Annual Program Income Report, and failing to ensure prevailing wage requirements were met by a business revolving loan recipient. Related to Davis-Bacon requirements, the City executed a contract containing Davis-Bacon language with a business loan recipient, but the City did not ensure that the contractor used by the recipient submitted payroll certifications prior to paying the loan recipient. The contractor failed to pay one of its employees the required prevailing wage, but subsequently paid the employee the difference between the prevailing wage and the employee's actual wage. The City also did not account for program expenditures and improperly reported program expenditures to us for the major program and other federal awards in the schedule of federal awards.

Status - Implemented

This situation occurred as a result of the turnover and vacancies described above. Staff has implemented changes whereby the Economic Development Director works more closely with the Finance and Technology Director to monitor for compliance.

Current staff agrees that the cost allocation plan needed to be updated. The City has contracted with Capital Partners LLC to prepare a new cost allocation plan.

Current staff agrees that the Annual Program Income Reports require greater monitoring and has implemented changes whereby the Economic Development Director works more closely with the Finance and Technology Director to monitor for compliance.

Current staff agrees that the annual wage compliance report was filed late. However the report has since been filed and, as noted above, a system has been put in place whereby the Economic Development Director will work more closely with the Finance and Technology Director to monitor for compliance

CITY OF DIXON
SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
JUNE 30, 2008

Finding 2006/07-7

Condition

The City's purchasing policy does not specify that the City must determine whether contractors paid with federal awards have been suspended or debarred from bidding on federally funded projects and whether those contractors meet prevailing wage requirements.

Status - Implemented

While Staff has been determining whether contractors paid with federal awards have been suspended or debarred and whether those contracts meet prevailing wage requirements, current staff agree that it needs to formalize its practices by revising the purchasing policy. The debarment ordinance has been drafted and is expected to adopted by August 30, 2009.