

CITY OF AMERICAN CANYON
AND
AMERICAN CANYON FIRE PROTECTION DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR 2014-2015



New Logo

American Canyon, California
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American Canyon, California



Napa County
City of
American
Canyon



CITY OF AMERICAN CANYON
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2015

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Introductory Section



December 22, 2015

To the Honorable Mayor, Members of the City Council
And Citizens of the City of American Canyon

We hereby submit the Comprehensive Annual Financial Report of the City of American Canyon for the fiscal year ended June 30, 2015. The fiscal year covers financial transactions from July 1, 2014 to June 30, 2015 on a modified or full accrual basis, depending on the fund type. The City follows a policy of preparing a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America after the end of each fiscal year. An independent licensed certified public accounting firm audits these financial statements.

City management assumes full responsibility for the completeness and reliability of all of the information presented in this report. The City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and provides sufficient reliable information that the City of American Canyon's financial statements are in conformity with U.S. generally accepted accounting principles. The cost of internal controls should not out-weigh their benefits and the internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. City management asserts that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Auditor's Report Summary

Richardson and Co., LLP, a licensed certified public accounting firm, has audited the City of American Canyon's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of American Canyon, for the fiscal year ended June 30, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Richardson and Co. LLP has concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion ("good" opinion) that the City of American Canyon's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with U.S. generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Comprehensive Annual Financial Report (CAFR)

This CAFR contains financial information and data using the financial reporting format established for governments by the Governmental Accounting Standards Board (GASB). The GASB sets accounting and financial reporting standards for governments in the United States of America. The financial reporting standards 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 American Canyon's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY AND ITS OPERATIONS

Incorporated on January 1, 1992, the City of American Canyon is the second largest city in Napa County. The City's population as of January 1, 2015 was estimated to be 20,149 by the California State Department of Finance. American Canyon is located at the Southern end of the Napa Valley wine growing region in close proximity to the San Francisco Bay. It is bounded by the Napa River and a 500 acre wetland preserve to the west, the foothills of the Sulphur Springs Mountain Range to the east, the City of Vallejo to the south, the Napa Airport and numerous vineyards to the north.

The City operates under a council-manager form of government and is a general law city. Policy making and legislative authority are vested in the City Council. There are four elected Council Members and one elected Mayor. The Vice Mayor is elected by the Council. The City Council members are elected on a non-partisan basis. The Council's responsibilities include passing ordinances, adopting the City budget, appointing committees, and hiring the City Manager, Fire Chief and City Attorney. The City Manager implements the policies and ordinances of the City Council, appoints department heads, oversees and maintains the daily operations of the City.

In 2006, the voters passed measures to directly elect the Mayor for two-year terms. In November 2012, the voters approved a measure increasing the Mayor's term to four years. Now, the Mayor and the other Council members serve four year staggered terms so that each election alternates between two or three members being elected every two years.

The City provides a full range of municipal services including police and fire protection services, construction and maintenance of City streets, storm drains, bridges and similar infrastructure type assets; park maintenance, and community recreation activities. The City operates its water and wastewater systems in a fashion similar to private businesses which is termed business-type activities in the financial statements.

The City's annual budget serves as the foundation for the City of American Canyon's financial planning and control system. Every year, each City department submits requests for appropriations to the City Manager. The City Manager uses these requests as a starting point for developing a proposed budget. The City Manager then presents the proposed budget to the Finance Sub-Committee followed by a presentation to the City Council. The Council holds public hearings on the proposed budget and then ultimately adopts a formal budget. The budget is adopted by fund, function, and department. During the fiscal year the City Manager and Council periodically review the City's actual financial activity in relationship to the original budget, and as necessary, amends the original budget to reflect changing needs.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is best understood when it is considered in context with the City's particular economic climate and also with the City's plans for the future.

Local Economy

Napa Valley is considered by many to be North America's legendary wine, food and wellness capital. The valley's vineyards are planted on gently rolling hills and are very picturesque. Their bucolic charm attracts large numbers of tourists. It is estimated that each year, 5 million tourists visit over 300 wineries scattered throughout the valley. The lodging, restaurants, wineries, and shopping located throughout the valley make tourism a major contributor to the local economy. The City of American Canyon, at the south end of the County, benefits from some tourism, however these economic benefits are enjoyed much more by those cities in the north valley. In 2010 the City joined the Napa Valley Tourism Improvement District (NVTID) to increase tourism in American Canyon. The NVTID provides valley-wide as well as local tourist activity marketing and promotion.

In fiscal year 2010-11, during the "Great Recession," the City Council approved a comprehensive general fund three-year Deficit Elimination Plan which ended in fiscal year 2012-13. The goal of the Deficit Elimination Plan was to preserve the general fund's reserves through cost cutting measures and revenue enhancement. The plan included two voter approved revenue enhancements. The City's Transient Occupancy Tax (TOT) rate was increased 2% to 12% and a \$2 per person admission tax to the City's card room was effective beginning in January 2011. During fiscal year 2012-13, the final year of the City's three year General Fund Deficit Elimination Plan, most of the salary cost cutting measure established in 2010-11 remained in effect. City Hall was closed during 13 of the 15 days of unpaid furloughs, cost of living increases were suspended and a hiring freeze was continued.

The City has since seen modest benefits from improvements in both the national and local economy and revenues have been increasing gradually. In order to ensure the long-term fiscal sustainability of the City's finances, the Council directed Staff to enter a new three-year "Stabilization Plan" beginning in fiscal year 2013-14. During this three year stabilization period, critical reductions in expenses are slowly being restored as revenue growth allows. The 2014-15 fiscal year was the 2nd year of this three year cycle, and the budget for 2015-16 marks the final year of the plan.

The three-year plan which was revised in fiscal year 2013-14 with the adoption of that year's budget assumed that General Fund *expenses* would exceed *revenues* by \$167,000 in 2013/14; *expenses* would again exceed *revenues* by \$127,000 in 2014-15, and would fully balance in 2015-16. We are pleased to report that some of the expenditure reductions established during the deficit elimination plan and maintained during the first year of the "stabilization plan" actually resulted in a small surplus of \$247,000 for the 2013/14 fiscal year. The 2014-15 fiscal year results show a small surplus of \$240,000 rather than a deficit of \$127,000 projected in the three year plan. Additionally, the 2015-16 General Fund budget is balanced with a projected small surplus of \$40,200.

The Great Recession was over several years ago and although the recovery has been slow there is evidence that the economy is on a path to recovery. The national unemployment rate was 5.0% at the end of November 2015, down from 5.8% at the end of 2014. For fiscal year 2015-16, General Fund revenues including transfers in for support services are projected to be \$20.5 million, up from \$18.5 million for the 2014-15 fiscal year. Although the City is seeing small increases in many areas, residential property values are growing and property taxes which make up 33% of total general fund revenues, and

are critical to supporting the cost of essential services provided by the City, are projected to increase 5.37%. In addition, there is a renewed interest in industrial and residential development. With developable land selling and construction starting in the coming year, the City should experience further increases in assessed valuation and property tax revenues.

Similarly, TOT revenues continue to increase at strong rates. Based on performance in the performance in the 2014/15 fiscal year we are projecting an increase of 9% in TOT revenues. With stronger marketing efforts and a growing interest in wine tourism, the local hotels are filling up year round and are also raising lodging rates. All of these factors are resulting in increased revenues to the City.

Unfortunately, sales tax revenues continue to stagnate. Although we are projecting an increase of approximately \$200,000 in sales taxes for 2015-16 this is due to the “triple-flip” wind down and catch-up payments. Normal sales tax revenue in 2015-16 is forecast to be virtually the same as it was in 2014-15. As the economy improves, consumers are expanding their shopping habits and driving out of town more. On a bright note however, we are seeing an increase in retail sales from the industrial area as more and more wine is being directly sold and shipped and also an increase in construction material sales.

One of the biggest uncertainties for California local governments in the past several years has certainly been the economy, its impact on the State budget, and how that would affect local government resources. Current economic indicators point to a slow but steady recovery for the State. The City developed the 2015-16 budget assuming there would be no State takeaways or any new mandates. Staff will continue to closely monitor and review updated economic forecasts for any new developments that may negatively affect the State’s budget.

The City of American Canyon is especially pleased that the three-year General Fund Deficit Elimination Plan was successful in maintaining the City’s reserves. The General Fund Stabilization Plan continues with that success and is expected that it will continue to facilitate the City’s economic recovery.

MAJOR INITIATIVES

Capital Improvement Program

The City of American Canyon’s capital improvement program is a long-range program for major municipal construction projects. Key projects currently in progress include:

- ✓ **Master Plan Update:** In 2014 an engineering consultant began work on an update to the City’s Water Distribution System, Recycle Water Distribution System and Wastewater Collection System Master Plans. The scope of work for this update is limited to the evaluation of the potable water distribution system, including storage tanks, pump stations, Vallejo connections, transmission and distribution pipelines; the wastewater collection system, including pump stations and force mains; and the recycle water distribution system, including storage tanks, pump station and distribution pipelines. The Master Plans will be completed in 2016.
- ✓ **SR29 Signal Interconnect:** In 2014 the City received a TFCA grant for the SR29 Signal Interconnect project. The project consists of installing camera video detection systems at five intersections;

signal interconnect cable along State Route 29 from Donaldson Way to Eucalyptus Drive and from Napa Junction Road to City Hall; and a traffic monitoring center at City Hall. The improvements will allow the City to recommend changes to signal timing on an on-going basis. Phase I of this project is complete. Phase II Work will be completed in 2016.

- ✓ Kimberly Park - Construction will lower the easterly portion of Kimberly Park to form a flood control basin and modify the existing storm drain system. Once complete, flood waters will be stored in the basin instead of the street, thereby reducing the risk of flooding of nearby homes. The existing athletic fields and parking lot will be rebuilt at a new, lower elevation and made available for use during non-flooded times. Additional amenities will include restrooms, gates, lights, flag pole and a sign. This project will be completed in 2016.
- ✓ Vine Trail Gap - The Vine Trail Gap Closure Project will include the construction of a 10' multi-purpose trail and 10-wide prefabricated steel pedestrian bridge. A segment of the trail already exists from the southeast corner of the Vintage Ranch subdivision to the rear of the baseball field at Silver Oak Park. The Vine Trail Gap Closure Project will extend that trail and make the connection to Silver Oak Trail near American Canyon Road. This project will be completed in 2016.
- ✓ Broadway District Specific Plan - Broadway is the heart of American Canyon. Owned and operated by Caltrans as State Route 29, Broadway has served as the main thoroughfare through American Canyon since the Carquinez Bridge was completed in 1927. The Napa County Transportation and Planning Agency (NCTPA) approved a modified boulevard concept for the Highway 29 Corridor. With the NCTPA Broadway plan complete, the City is developing a Specific Plan for the land use on either side of the highway. This plan will be completed in 2016.
- ✓ Recycled Water Conversions - The City continues its effort to save as much potable water as possible. This project converted Shenandoah, Silver Oak and Tower parks in the City to recycled water. The medians in La Vigne will also be converted to recycled water. East and West American Canyon Road will have the turf removed and replaced with drought tolerant plants and drip irrigation. This project is expected to save 320 million gallons of water for the City and will be completed in 2016.
- ✓ 14" Water Main Replacement – This project will replace a 6,000 long foot section of water main line that is 70 years old and very leaky. Once this project is complete, the City will save 200+ acre feet of water a year (more than 65 million gallons). This project is currently under construction and will be completed in 2016.
- ✓ 1.5 mg Recycled Water Tank – This project constructed a new recycled water tank at the Wastewater Treatment Plant which allows the City to store recycled water for when it is needed most. This project was extremely important as the City continues to transition its parks and landscaping to recycled water irrigation and was completed in 2015.

Water Supply

The City receives nearly all of its water from the Department of Water Resources' (DWR) State Water Project (SWP). Generally, this "raw water" is treated at the City's Water Treatment Plant (WTP) and then distributed to residents and businesses in the City's Water Service Area (which is larger than City limits proper). The City also maintains connections with the Cities of Napa and Vallejo, who provide treated water supplies if necessary. The treated supplies from Napa count against the City's SWP allocation while the treated supplies purchased from Vallejo do not.

Last year, the City Council approved the purchase of additional water supplies from various sources, including one-time transfers from farmers who chose to fallow fields and auction off their water. The amounts that the City did not use were automatically carried over for use in 2015. These "planning ahead" purchases, while serving the City during the summer, did increase costs for water acquisition in the 2014/2015 fiscal year.

At this time, the City has sufficient water resources to meet mandatory maximum system demand in 2015. However, much like the rest of the state, the City's outlook for 2016 remains uncertain given that most of the prior year's "carryover" will be exhausted. Thus, it was imperative that City customers conserve as much water as possible in 2015 so that 2016 begins with as much reserve carryover as possible, in the event that the drought continues.

If the drought persists into 2016, the City may have to increase our use of treated water supplies from the City of Vallejo. In 2014, the City purchased only 93 Acre Feet (AF), but up to 2,048 AF of those supplies are available each year. The cost the City pays for those supplies (\$4.94/unit) is about 60% more than we charge of our Tier 1 residential customers (\$3.07). Because the practice of selling products for less than we paid to acquire them is a fiscally unsustainable practice, staff has regularly tried to limit the purchases to situations that were absolutely necessary (such as shutdowns of the SWP for annual maintenance and to meet peak summer day demands).

Other water supply measures include:

- On April 1, 2015, the Governor issued an Executive Order mandating that all municipal water providers (including the City) reduce their 2015 water demands to consumption rates of 2013.
- On May 5, 2015, the State Water Control Resources Board adopted additional Emergency Regulations that included prohibitions on certain water use practices and requires city-wide potable water demand in 2015 to be 16% less than 2013.
- On May 19, 2015, at a Public Hearing, the City Council adopted an Urgency Ordinance which amended the American Canyon Municipal Code Chapter 13.14 – "Water Conservation Plan" with changes that were required in order to be consistent with the current SWRCB Emergency Regulations. The regulations include prohibitions on certain water use practices and require city-wide potable water demand in 2015 to be 16% less than 2013. The City Council also adopted a resolution re-affirming the Council's July 29, 2014 declaration of Drought Emergency Stage 2 - Mandatory Compliance -Water Alert.
- On September 1, 2015, the City Council adopted an emergency water rate increase of \$2.00 per unit of water following the procedures required by Proposition 218; article XII D, section 6 of the California Constitution and in accordance with the City of American Canyon Municipal Code Section CHAPTER 13.06 Water Rates and Connections Fees and Section - 13.06.050.

Cash Resources

The City ended the fiscal year with cash and investments totaling \$29.7 million with \$25.9 million available for City operations. Total investments at fiscal year-end, which includes investments held by the City and investments held by fiscal agents, was \$31.9 million and is comprised of the State of California Local Agency Investment Fund, \$14.6 million; Money Market Mutual Funds, \$1.8 million; U.S. Government Treasury and Agency Securities, \$9.8 million; U.S. Corporate Notes, \$3.3 million; Asset-Backed Securities, \$1.2 million; Commercial Paper, \$574 thousand with the remaining balance of \$664 thousand in demand deposit accounts. The cash and investments held by the City are sufficient to move forward into the new fiscal year, conduct operations, and embark upon the planned capital asset improvement programs.

Risk Management

The City limits its exposure to losses from unfavorable events, employee injuries, and from the risk of damages to City property by participating with other governments in an insurance pool wherein the risk of substantial monetary loss is transferred from the City to the insurance pool. Further information about this arrangement is included in the notes to the financial statements.

Long-Term Debt Administration

In accordance with the City's fiscal policy, the issuance of long term debt is limited to capital improvements or projects that cannot be financed from current revenues or resources. The City may issue general obligation bonds, revenue bonds, certificates of participation or anticipation notes. The payback period of the debt is limited to the estimated useful life of the capital project or improvement. All debt service payments were made as required during the fiscal year, and the City complied with all required reserves and debt service covenants.

In December 2014, the City entered into a lease purchase arrangement in the amount of \$827,100 for the acquisition and installation of drinking water membrane modules as the existing membranes had reached the end of their useful life. The terms of the lease require annual principal payments of \$177,570 through April 21, 2020, which includes interest at 2.41%.

In July 2014, the City entered into a \$314,188 lease purchase arrangement for a vactor truck that will provide sewer and storm drain maintenance and repair. The terms of the lease require annual payments of \$36,757 through June 17, 2024, which includes interest at 2.96%.

Pension Benefits

The City directly participates in the Public Employees Retirement System (PERS) of the State of California for all full time employees. The City plans to fund each year's required contribution for its regular and public safety plans based on rates calculated by PERS after analyzing the city's workforce. With respect to retiree health care costs, the City's practice has been to pay the same premium for retired employees' health care as it does for active employees. The City plans to fund its annual required contribution (ARC) to the extent that resources are available. The City and Fire District have entered into irrevocable trusts with PERS to fund retiree health benefits. Additional information about the City's pension plan is included in the notes to the financial statements and the required supplementary information section of this report.

Awards

The City was awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial report. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. In our opinion, the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for recognition.

Acknowledgements

The preparation of this report would not have been possible without the capable and dedicated services of the Administrative Services Finance Team, the City Manager and also all City staff members. The Mayor and City Council also warrant special recognition for their continued support, leadership and high expectations for professionalism in overseeing the City of American Canyon's financial affairs.

Respectfully Submitted,



Susan Casey

Administrative Services Director



Government Finance Officers Association

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

Presented to

**City of American Canyon
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

CITY OF AMERICAN CANYON

PRINCIPAL OFFICIALS

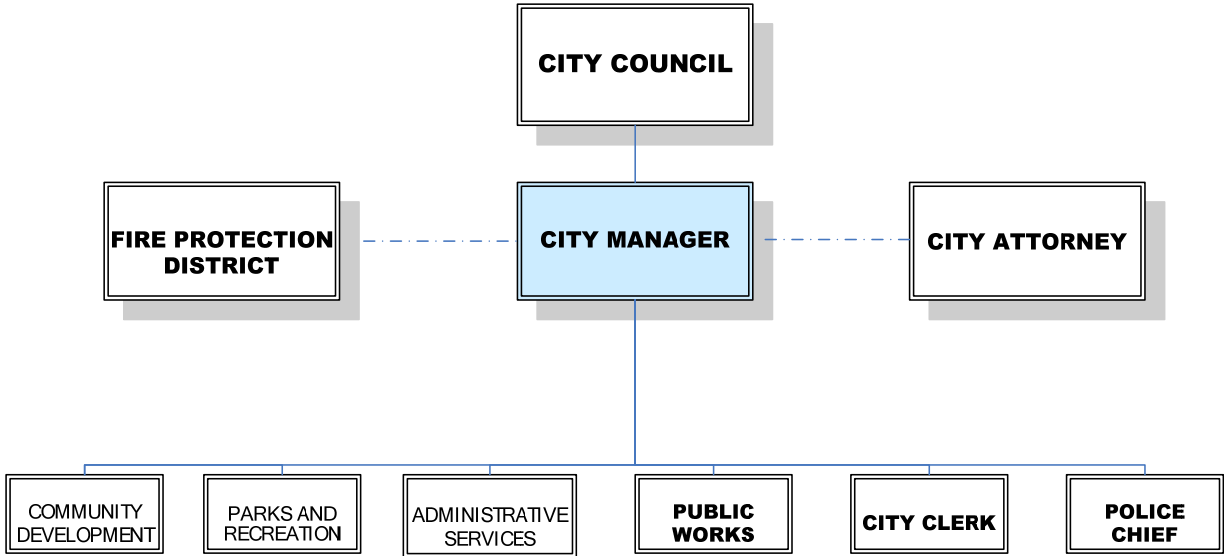
YEAR ENDED JUNE 30, 2015

CITY COUNCIL

Mayor	Leon Garcia
Vice Mayor.....	Kenneth Leary
Council Member	Joan Bennett
Council Member	Mark Joseph
Council Member	Belia Ramos

ADMINISTRATIVE PERSONNEL

City Manager / City Clerk	Dana Shigley
Police Chief	Tracey Stuart
Fire Chief	Glen Weeks
City Attorney	William Ross
Administrative Services Director/Treasurer	Susan Casey
Public Works Director.....	Jason Holley
Community Services Director	Brent Cooper
Parks and Recreation Director.....	Creighton Wright



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Financial Section



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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of American Canyon, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of American Canyon, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Fire District Operations Special Revenue Fund and Storm Drainage Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note O to the basic financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions, and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68, during the year ended June 30, 2015. Due to the implementation of these Statements, the City recognized deferred outflows of resources, a pension liability and deferred inflows of resources for its cost-sharing pension plan in the financial statements as of July 1, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 13 and budgetary comparison information on pages 23 to 25 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, budgetary comparisons other than the General Fund and Major Special Revenue Funds, and 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 budgetary comparisons other than the General Fund and Major Special Revenue Funds, and combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures,

To the City Council
City of American Canyon, California

including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Richardson & Company, LLP

December 22, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the *City of American Canyon's* annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2015. Please read it in conjunction with the City's audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net position decreased by about \$16.1 million over the course of this year's operations after conducting all City operations and programs. The assets of the City exceeded its liabilities by about \$335.4 million at the end of the 2015 fiscal year. Of that amount, \$6.7 million (the unrestricted net position) may be used to meet the City's ongoing obligations and operating expenses for the next fiscal year.
- Governmental Funds reported combined fund balances of \$21.5 million at June 30, 2015, an increase of \$581 thousand in comparison to the 2014 fiscal year. Of these fund balances, \$3.2 million is non-spendable, \$8.3 million is restricted, \$2.8 million is committed, \$3.6 million is assigned and \$3.5 million is unassigned.
- Overall City-wide revenues from all governmental and business-type activities were \$34.7 million, a decrease of about \$11.7 million compared to the 2014 fiscal year. This amount includes \$1.1 million from grants and capital contributions.
- The City's total expense for all programs in fiscal year 2015 was \$40 million, an increase of about \$5.8 million compared to the 2014 fiscal year.
- The general fund reported a fund balance of \$11.1 million at 2015 fiscal year end, an increase of \$240 thousand compared to 2014. The Fire District Operations Fund ended the 2015 fiscal year with a \$4.2 million fund balance, an increase of about \$440 thousand compared to the prior year.
- The City ended fiscal year 2015 with \$6.3 million of available net position in its proprietary enterprise funds consisting of restricted and unrestricted net position. The City's other non-major governmental funds ended 2015 with about \$7 million available for special purposes; primarily infrastructure and capital asset additions.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – a *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for non-major governmental funds and proprietary funds. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.
 - The *governmental funds* statements tell how *general government* services like public safety, community development, parks and recreation, public works and streets were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as the City's water and wastewater systems.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide details about our non-major funds, each of which are added together and presented in single columns in the basic financial statements.

Figure A-1 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure A-1

Major Features of City of American Canyon's Government-Wide and Fund Financial Statements

	Government-Wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
<u>Scope</u>	Entire City government	The activities of the City that are not proprietary or fiduciary, such as police, fire, streets, general government, and community services	Activities the City operates similar to private businesses: the water and wastewater funds
<u>Required financial statements</u>	<ul style="list-style-type: none"> Statement of net position Statement of activities 	<ul style="list-style-type: none"> Balance sheet Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> Statement of net position Statement of revenues, expenses, and changes in net position Statement of cash flows
<u>Accounting basis and measurement focus</u>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<u>Type of asset/liability information</u>	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<u>Type of inflow/outflow information</u>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all*

MANAGEMENT'S DISCUSSION AND ANALYSIS

of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's *net position* and how it has changed. The difference between the City's assets and liabilities – is one way to measure the City's financial health, or *position*.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the City are reported in two categories:

- *Governmental activities* – All of the City's basic services are included here, such as general government, police, fire, community development, parks and recreation, and public works. Property taxes, sales taxes, transient occupancy taxes, special and other taxes, user charges and fees and state, local and federal grants finance these activities.
- *Business-Type activities* - The City charges fees to customers to help cover the costs of certain services. The City's water and wastewater enterprises are reported here.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- The City's major funds, including the *general, fire district operations, affordable housing capital projects, storm drain, and civic facilities capital projects funds*, are reported in separate columns and all other governmental funds are aggregated in a single column.
- The City establishes other funds to control and manage money for particular purposes. Some funds are maintained to demonstrate that the City is properly using certain specific fees for their intended purpose (such as the City's impact fee funds).
- Other funds are maintained for similar purposes but in addition, demonstrate the City's ability to repay its long-term debt obligations such as bonds.

The City has three kinds of funds:

- *Governmental funds* – The City's basic services are included in governmental funds, which focus on (1) *how cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term view* that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

Proprietary funds – There are two different types of proprietary funds. Enterprise *funds* are used to report the same functions reported as business-type activities in the government-wide financial statements; the City's water and wastewater operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally. During the 2015 fiscal year, the City created internal service funds. Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The proprietary fund statements provide separate information

MANAGEMENT'S DISCUSSION AND ANALYSIS

for the City's water and wastewater operations, both of which are considered to be major funds of the City.

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

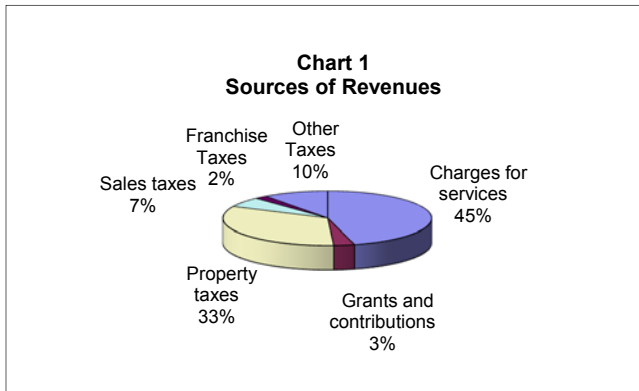
Net Position. As summarized in Table A-1 below, the City's *combined* net position decreased \$16.1 million between fiscal years 2014 and 2015.

Table A-1
City of American Canyon's Net Position
(in millions of dollars)

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2014	2015	2014	2015	2014	2015	2014-2015
Current and other assets	27.2	29.4	12.4	10.0	39.6	39.4	-0.5%
Capital assets	273.3	271.1	60.0	58.3	333.3	329.4	-1.2%
Total assets	300.5	300.5	72.4	68.4	372.9	368.9	-1.1%
Deferred Outflow of Resources	0.1	1.3	-	0.3	0.1	1.5	2551.7%
Long-term debt outstanding	10.6	18.6	7.7	9.3	18.3	27.9	52.7%
Other liabilities	2.0	3.3	1.2	1.4	3.2	4.7	46.9%
Total liabilities	12.6	21.9	8.9	10.7	21.4	32.5	51.3%
Deferred Inflows of Resources	-	2.0	-	0.5	-	2.5	0.0%
Net investment in capital assets	264.2	262.3	52.7	51.3	316.9	313.6	-1.1%
Restricted	12.8	13.1	2.6	2.0	15.4	15.1	-1.9%
Unrestricted	11.0	2.5	8.2	4.2	19.2	6.7	-65.1%
Total net position	288.0	277.9	63.5	57.5	351.5	335.4	-4.6%

Net position of the City's governmental and business-type activities decreased 4.6% to \$335.4 million. About 93% of the City's net assets are invested in capital assets such as buildings, land, equipment and facilities. The remaining 7% is essentially represented by cash, investments and receivables. About 85.9% of the City's total liabilities are represented by long-term obligations including pension liabilities as newly required by GASB 68, lease revenue bonds, capital leases and loans from the State of California and the cities of Napa and Vallejo.

MANAGEMENT'S DISCUSSION AND ANALYSIS

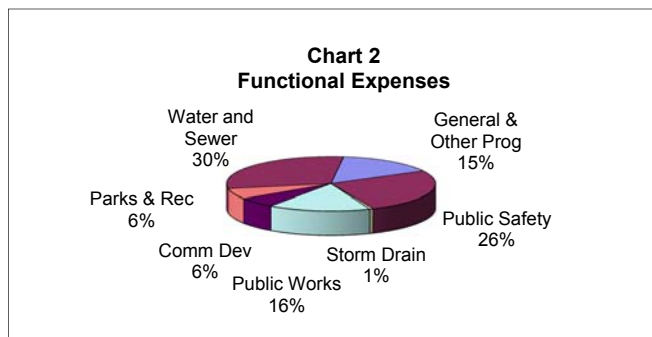


Changes in net position. The City's major sources of revenue and functional expenses are presented in charts 1 and 2. As summarized in Table A-2 on page 8, revenues for fiscal year 2014-15 totaled \$34.7 million, a decrease of \$11.7 million or 25.3% from the prior year. Grants and Contributions decreased significantly by \$14.5 million or 92.9%. This was largely due to a reduction in accepted public improvements in FY 2014-15. In FY 2014-15 the City started the Napa Junction Phase 2 project along with several other new projects

and it is expected that these projects will be completed and accepted in FY 2015-16. The variance also includes a decrease of \$443 thousand in federal and state grant reimbursements for capital improvement projects. It is projected that several grant related CIP projects will be completed in FY 2015-16 and \$504 thousand will be reimbursed by the grants for those projects. Transient Occupancy Tax revenue increased by \$156 thousand or 12.5% due to continued marketing efforts and interest in Napa Valley tourist attractions. Total Charges for Services grew by 14.8% to \$15.6 million due to a \$2.5 million increase in governmental activities primarily due to new developer project activities. Charges for Services revenue in the enterprise funds showed a \$580 thousand decrease due to the intensified water conservation efforts by City residents. (As City residents use less water, revenues decrease.) The City's primary source of revenue is property taxes which totaled \$11.5 million or 33% of total revenues for the year and increased by 8.3% over FY 2014-15. General Fund sales tax revenue increased by \$64 thousand to \$2.4 million in FY 2014-2015. Sales tax revenue from Measure A claims decreased by \$346 thousand. About \$9 million or 26% of all City revenues were from water and wastewater service fees and capacity fees.

The total cost for all programs and services in 2015 was \$40 million which paid for a wide range of services including public safety, public works, community development, parks and recreation programs, storm drain, water and wastewater treatment plants and related distribution and collection systems. Major types of expenditures by function are shown in Chart 2. As summarized in Table A-2, for fiscal year 2014-15, expenses increased 16.9% over fiscal year 2013-14. In FY 2014-2015 Governmental activities expenses were \$3.7 million more than in FY 2013-14 largely in part to the construction of the 4th Lane Construction Project at Newell Drive for \$791 thousand and the Napa Junction Phase 3 and Napa Logistics projects which totaled approximately \$788 thousand. Expenses for Public Safety grew by \$463 thousand due to the scheduled \$115 thousand increase in the Law Enforcement Contract with County of Napa.

Historically, the City's largest operating expense has been for public safety services. However for fiscal year 2014-15, the City's cost to provide police and fire protection services was \$10.6 million or 26% of the City's total operating expenses whereas the water and wastewater enterprises collectively comprised 30% of total expenses. The water enterprise fund generated most of the expenditure increases. This was due to the ongoing drought and related expenses which included having to source and buy more expensive water, increased engineering costs to study options for new water sources in the future, and funds for marketing and outreach related to the City's conservation efforts. Public Works and Storm Drain departments accounted for 17% of expenses, Parks and Recreation 6%, and Community Development 6%. The remaining 15% was expended on general City administration.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Table A-2
Changes in the City of American Canyon's Net Position
(in millions of dollars)

	Governmental Activities		Business Type Activities		Total		Total Percentage Change
	2014	2015	2014	2015	2014	2015	2014-2015
Revenues							
Program revenues							
Charges for services	4.8	7.4	8.8	8.2	13.6	15.6	14.8%
Grants and contributions - operating	0.4	0.5	-	-	0.4	0.5	25.0%
Grants and contributions - capital	11.1	0.4	4.1	0.3	15.2	0.7	-95.4%
General revenues							
Property taxes	10.6	11.5	-	-	10.6	11.5	8.3%
Sales taxes	2.3	2.4	-	-	2.3	2.4	2.5%
Franchise taxes	0.6	0.7	-	-	0.6	0.7	12.2%
Other	2.9	2.9	0.8	0.5	3.7	3.4	-7.6%
Total revenues	32.7	25.6	13.7	9.0	46.4	34.7	-25.3%
Expenses							
General government	4.7	5.6	-	-	4.7	5.6	19.2%
Public Safety	10.0	10.6	-	-	10.0	10.6	6.0%
Public works	5.1	6.3	-	-	5.1	6.3	23.0%
Community Development	1.6	2.4	-	-	1.6	2.4	49.0%
Parks and Recreation	2.3	2.5	-	-	2.3	2.5	8.9%
Storm Drain	0.2	0.2	-	-	0.2	0.2	17.6%
Water	-	-	6.2	7.3	6.2	7.3	17.7%
Wastewater	-	-	3.6	4.0	3.6	4.0	11.5%
Other	0.4	0.3	-	0.6	0.4	0.9	25.0%
Total expenses	24.3	28.0	9.8	11.9	34.1	39.9	16.9%
Excess (deficiency) before transfers	8.4	(2.3)	3.9	(2.9)	12.3	(5.2)	-142.4%
Transfers	1.7	1.0	(1.7)	(1.0)	-	0.0	0.0%
Increase (decrease) in net position	10.1	(1.3)	2.2	(3.9)	12.3	(5.2)	-142.3%
Net position, beginning	277.9	288.0	61.3	63.5	339.2	351.5	3.6%
Restatement	-	(8.8)	-	(2.1)	-	(10.9)	0.0%
Net position, ending	288.0	277.9	63.5	57.5	351.5	335.4	-4.6%

When all operations were concluded, governmental activities created a \$10.1 million decrease in net position and business activities decreased \$6 million for 2015.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City Program Costs

Table A-3 presents the cost of each of the City's six largest programs – public safety, public works, parks and recreation, water, wastewater and community development.

The cost of all programs this year was \$40 million, compared to \$34 million in fiscal year 2014; about a 17% increase for the year. For governmental activities, overall program costs increased \$3.7 million or about a 10.7%. Water and public works expenses increased \$2.91 million or 50% mainly due to the increased costs to purchase water and outreach programs established to help to combat severe drought conditions.

Governmental Activities

As detailed on the Statement of Activities, the City's governmental program expenses totaled \$28 million during the year. Program revenues, including grants, totaled \$8.3 million leaving the City to fund the balance of \$19.7 million with general revenues. Program revenues decreased \$7.1 million and expenses increased \$3.7 million over the prior year. \$7.4 million of governmental services expenses were paid by those who directly benefited from or used the program(s) while other governmental agencies and grantors paid \$857 thousand to financially support the programs.

Business-Type Activities

At 2014-15 fiscal year-end the net position for the City's Proprietary Funds or business-type activities, which include just the water and wastewater funds, decreased by \$6.0 million over the prior fiscal year. In fiscal year 2015, charges for services decreased about \$580 thousand or 6.57% compared to the prior year. Water consumption revenues decreased 13% compared to 2014. This decrease was due to water conservation efforts by City residents. Wastewater service charges increased by 1.78% compared to the prior year.

Water fund expenses increased by \$1.7 million or 27.4% compared to fiscal year 2014. This increase was primarily due to the severe drought conditions that required the City to purchase additional and more costly treated water from alternative water sources, increased costs to repair leaky water pipes throughout the City, increased engineering costs to study options for new water sources in the future, and funds for marketing and outreach related to the City's conservation efforts. Wastewater fund expenses increased \$458 thousand, an 11.5% increase from the prior year. This increase was due to the purchase of two recycled water plant storage tanks.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Table A-3
Cost of City of American Canyon's Programs
(in millions of dollars)**

	Total Cost of Services		Percentage Change
	2014	2015	2014-2015
Public Safety	\$ 10.0	\$ 10.6	6.0%
Public works	5.3	6.5	22.8%
Parks and Recreation	2.3	2.5	8.9%
Community Development	1.6	2.4	49.0%
Water	6.2	7.9	27.4%
Wastewater	3.6	4.0	11.5%
All other	5.1	6.0	17.6%
Total	\$ 34.1	\$ 39.9	16.9%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At the end of fiscal year 2015 the City's governmental funds had a combined fund balance of \$21.5 million, about \$582 thousand more than the prior year. The City's general fund had a deficiency of revenues over expenditures of \$452 thousand before other financing sources. After including inter-fund transfers, there is a surplus of \$240 thousand. The general fund revenues increased by \$2.2 million or 15.4% compared to fiscal year 2014. Expenditures increased by 10.9% or \$1.7 million compared to the prior year. The Fire District Operations fund balance increased by \$440 thousand or 11.7% as a result of fiscal year 2015 operations.

The City's non-major governmental funds ended the fiscal year with a consolidated fund balance of \$7 million. The total fund balance of \$7 million is restricted with externally enforceable legal restrictions. The water and wastewater enterprises ended the year with \$7.1 million in cash and investments available for future use.

General Fund Budgetary Highlights

Over the course of the year, the City Council amended the City budget numerous times. These budget amendments were done throughout the year to fund new projects, avoid cost overruns, and to account for unanticipated revenues. Additionally, adjustments were made as a result of the mid-year budget review. At year end, including all adjustments, actual general fund expenditures were \$638 thousand less than final budget amounts. The largest expense in the general fund, police services, increased 1.2% to \$5.8 million in fiscal year 2015. Overall, fiscal year 2014-15 general fund expenses increased by 10.9%, or \$1.7 million, over the prior year to \$17.3 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2015, the City had invested \$329.4 million (net of accumulated depreciation) in a broad range of capital assets, including land, vehicles, equipment, the water and wastewater systems, streets, and other capital assets (See Table A-4). This amount represents a net decrease, after additions and deductions, of about \$4 million or 1.2 % compared to the prior year. Additional information can be found in the notes to the financial statements.

Table A-4
City of American Canyon's Capital Assets
(net of depreciation, in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2014	2015	2014	2015	2014	2015	2014-2015
Land	\$ 7.9	\$ 7.9	\$ 1.6	\$ 1.6	\$ 9.5	\$ 9.5	0.2%
Construction in progress	2.4	2.9	2.1	2.5	4.5	5.4	19.9%
Buildings and Improvements	43.1	42.7	3.5	3.3	46.6	46.0	-1.3%
Machinery and Equipment	1.5	1.7	0.1	0.1	1.6	1.8	11.1%
Water utility system	-	-	29.0	28.2	29.0	28.2	-2.8%
Wastewater system	-	-	23.8	22.6	23.8	22.6	-4.9%
Infrastructure system	218.4	215.9	-	-	218.4	215.9	-1.1%
Total	\$ 273.3	\$ 271.1	\$ 60.1	\$ 58.3	\$ 333.4	\$ 329.4	-1.2%

Long - Term Debt

At the end of 2015, the City had about \$14.8 million in long-term debt obligations outstanding. Of the \$14.8 million, \$7.0 million relates to City's business-type activities and the remaining \$7.8 million is applicable to governmental type financing activities. The City's component-unit, the City of American Canyon's Fire Protection District, has no long-term debt obligations.

For governmental type activities, the major long-term debt year-end balances consist of \$1.6 million in 2012 lease revenue bonds issued to refinance 2002 lease revenue bonds which were used to construct the City gym and aquatic center; a \$5.5 million capital lease to purchase a commercial office building that was transformed into City Hall; \$287 thousand from Municipal Asset Management for the purchase of a vactor truck and \$432 thousand remaining on a capital lease for the purchase of property bordering City Hall to the north. Additional information about the City's long-term obligations can be found in the notes to the financial statements.

For business-type activities, major long-term debt year-end balances are comprised of a \$5.3 million State revolving fund loan used for construction of the City's wastewater treatment plant facility in 2003; \$890 thousand for the purchase of additional water capacity from the City of Vallejo; a \$50 thousand loan from the City of Napa to pay for the City's share of costs for the North Bay Aqueduct Alternate Intake Project; \$827 thousand from Municipal Asset Management for the acquisition and installation of the water treatment membrane cassettes. The City has no bonded debt outstanding for its business-type activities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The December 2015 UCLA Anderson Forecast for the national economy stated that the economy is generating jobs at approximately 200,000 a month which will bring further declines in the unemployment rate to 4.6%. Ongoing job growth and expected wage increases will drive consumption in 2016 leading to the first year of greater than 3.0% growth in real GDP since 2005. The higher wages, along with a modest rebound in oil prices and higher housing costs, will push the inflation rate above 2.0%. As a result, the Federal Reserve will begin normalizing interest rates by increasing the Federal Funds rate in December 2015. The forecast also stated that by the end of 2016 the federal funds rate will be about 1.5% and it will approximate 3.25% at the end of 2017.

The economy for the State has been improving slowly over the past year as well and further growth is expected. The current forecast is for continued steady gains in employment through 2017. The increase in U.S. growth rates will continue to fuel the local economy, leading to a steady decrease in the unemployment rate in California over the next two years. Anderson economists expect California's unemployment rate to be insignificantly different from the U.S. rate at 4.9% by the end of the forecast period.

The California forecast calls for a 2015 total employment growth of 2.6% and for 2016 and 2017 the forecast is for 2.1% and 1.4%. Payrolls will grow more at about the same rate. Real personal income growth is estimated to be 4.3% in 2015 and forecast to be 3.4% and 3.2% in 2016 and 2017, respectively.

As cited by the UCLA Anderson Forecast, national and local economies appear to be on a gradual, but sustained path of fiscal growth. The City of American Canyon's 2015-16 annual budget reflects this economic recovery and marks the third year of the City's fiscal stabilization plan that was put into place to ensure restored revenues are allocated to essential and strategic projects and programs. For the 2015-16 fiscal year, property values have increased steadily and the November 2015 American Canyon median home sales price shows a 9.5% increase over the median home sales price in 2014. In fiscal year 2014-15 property tax revenue growth was 8.2% and is projected to grow by 5.4% in fiscal year 2015-16. General Fund normal sales tax revenues were flat in 2014 and will remain flat in 2015-16. (Due to the "triple-flip" wind down there will be an increase of approximately \$200,000 but this is a onetime catch-up payment.) Transient occupancy taxes, a growing source of revenue for the City and often regarded as a leading economic indicator continue to increase at strong rates. Equally notable is the renewed interest in industrial and residential development. Staff continues to promote economic development and with developable land selling and starting construction in the coming year, the City will experience increases in assessed valuation and property tax revenues. This growth is crucial for generating revenues to pay for services that American Canyon residents expect from the City.

Unfortunately, the State and local ongoing severe drought is negatively affecting the financial standing of the City's Water Enterprise Fund. On September 1, 2015 the City Council approved an emergency water rate surcharge to offset losses in that fund caused by the drought. The City is embarking on a comprehensive water rate study and will also be completing an updated Urban Water Management Plan which will include an analysis of long-term water supply options.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Administrative Services Director, City of American Canyon, 4381 Broadway Street, Suite 201, American Canyon, California 94503.

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BASIC FINANCIAL STATEMENTS

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CITY OF AMERICAN CANYON
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 18,847,311	\$ 7,096,190	\$ 25,943,501
Restricted cash	1,700,000	2,088,606	3,788,606
Taxes receivable	1,116,535		1,116,535
Accounts receivable, net	477,738	847,809	1,325,547
Internal balances	(34,172)	34,172	
Interest receivable	89,926	6,540	96,466
Due from other governments	2,333,002		2,333,002
Property held for resale	1,293,552		1,293,552
Other assets	132,879		132,879
Loans receivable, net	3,389,438		3,389,438
Capital assets:			
Non-depreciable	173,095,982	4,107,683	177,203,665
Depreciable, net of accumulated depreciation	97,988,689	54,240,464	152,229,153
Total capital assets	<u>271,084,671</u>	<u>58,348,147</u>	<u>329,432,818</u>
TOTAL ASSETS	<u>300,430,880</u>	<u>68,421,464</u>	<u>368,852,344</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	50,007		50,007
Pension	1,211,637	285,392	1,497,029
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,261,644</u>	<u>285,392</u>	<u>1,547,036</u>
LIABILITIES			
Accounts payable	2,609,568	1,032,329	3,641,897
Accrued expenses	275,499	4,615	280,114
Accrued interest payable		142,907	142,907
Deposits	353,891	177,799	531,690
Long-term liabilities:			
Due within one year			
Bonds, capital leases and contracts	610,822	867,802	1,478,624
Compensated absences	565,927	116,124	682,051
Claims and judgments	413,321		413,321
Due in more than one year			
Bonds, capital leases and contracts	8,258,467	6,327,465	14,585,932
Compensated absences	392,607		392,607
Net OPEB liability	513,765	128,890	642,655
Net pension liability	7,883,080	1,856,795	9,739,875
TOTAL LIABILITIES	<u>21,876,947</u>	<u>10,654,726</u>	<u>32,531,673</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	2,005,483	472,375	2,477,858
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,005,483</u>	<u>472,375</u>	<u>2,477,858</u>
NET POSITION			
Net investment in capital assets	262,265,389	51,267,144	313,532,533
Restricted for:			
Public safety	1,196,271		1,196,271
Public works	6,110,884		6,110,884
Debt service	29,982	273,399	303,381
Planning, building and community development	5,551,699		5,551,699
Capacity expansion		1,815,207	1,815,207
Other activities	142,275		142,275
Unrestricted	2,513,594	4,224,005	6,737,599
TOTAL NET POSITION	<u>\$ 277,810,094</u>	<u>\$ 57,579,755</u>	<u>\$ 335,389,849</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AMERICAN CANYON
Statement of Activities
For the Year Ended June 30, 2015

<u>Functions/Programs</u>	<u>Program Revenue</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government			
Governmental Activities			
General government	\$ 5,647,996	\$ 534,179	\$ 128,829
Public safety	10,585,106	1,510,347	222,839
Public works	6,273,963	1,764,854	13,279
Community development	2,383,201	2,438,744	104,879
Parks and recreation	2,503,744	441,946	6,304
Storm drain	235,119	677,445	
Interest on long-term debt	329,915		
TOTAL GOVERNMENTAL ACTIVITIES	<u>27,959,044</u>	<u>7,367,515</u>	<u>476,130</u>
Business-type activities			
Water	7,350,323	4,333,543	10,410
Wastewater	4,013,398	3,914,276	
Total business-type activities	<u>11,363,721</u>	<u>8,247,819</u>	<u>10,410</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 39,322,765</u>	<u>\$ 15,615,334</u>	<u>\$ 486,540</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Franchise taxes

Sales taxes

Other taxes

Unrestricted investment earnings

Loss on sale of asset

Other

Transfers, net

Total general revenues and transfers

Change in net position

Net position, beginning of year- as previously reported

Restatement

Net position, beginning of year - as restated

Net position, end of year

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position
Primary Government

Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
	\$ (4,984,988)		\$ (4,984,988)
	(8,851,920)		(8,851,920)
\$ 381,050	(4,114,780)		(4,114,780)
	160,422		160,422
	(2,055,494)		(2,055,494)
	442,326		442,326
	(329,915)		(329,915)
<u>381,050</u>	<u>(19,734,349)</u>		<u>(19,734,349)</u>
		\$ (2,834,488)	(2,834,488)
171,882		(28,979)	(28,979)
70,143		<u>(2,863,467)</u>	<u>(2,863,467)</u>
<u>242,025</u>	-	<u>(2,863,467)</u>	<u>(2,863,467)</u>
<u>\$ 623,075</u>	<u>(19,734,349)</u>	<u>(2,863,467)</u>	<u>(22,597,816)</u>
	11,480,330		11,480,330
	673,055		673,055
	2,358,219		2,358,219
	2,329,051		2,329,051
	272,849	178,074	450,923
	(250,377)	(533,270)	(783,647)
	551,142	337,225	888,367
	994,725	(994,725)	
	<u>18,408,994</u>	<u>(1,012,696)</u>	<u>17,396,298</u>
	(1,325,355)	(3,876,163)	(5,201,518)
	287,977,479	63,538,585	351,516,064
	(8,842,030)	(2,082,667)	(10,924,697)
	<u>279,135,449</u>	<u>61,455,918</u>	<u>340,591,367</u>
<u>\$ 277,810,094</u>	<u>\$ 57,579,755</u>	<u>\$ 335,389,849</u>	

CITY OF AMERICAN CANYON
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds				
	General Fund	Fire District Operations Fund	Affordable Housing Capital Projects	Storm Drainage Special Revenue	Civic Facilities Capital Projects
ASSETS					
Cash and investments	\$ 6,628,917	\$ 4,153,716	\$ 468,529		\$ 214,548
Restricted cash					
Taxes receivable	979,299	132,326			
Accounts receivable, net	466,236	5,097			
Interest receivable	38,120	1,130	339		148
Due from other governments	11,773			\$ 1,707,333	
Due from other funds	2,535,829				
Advances to other funds	1,436,893				
Property held for resale	740,792		552,760		
Other assets	96,598	36,281			
Loans receivable, net	174,256		2,247,239		
	<u>13,108,713</u>	<u>4,328,550</u>	<u>3,268,867</u>	<u>1,707,333</u>	<u>214,696</u>
TOTAL ASSETS	\$ 13,108,713	\$ 4,328,550	\$ 3,268,867	\$ 1,707,333	\$ 214,696
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,268,841	\$ 45,853	\$ 14,578		
Accrued expenses	179,475	60,387			
Deposits	353,891				
Due to other funds				\$ 1,707,297	
Advances from other funds					\$ 1,436,893
TOTAL LIABILITIES	<u>1,802,207</u>	<u>106,240</u>	<u>14,578</u>	<u>1,707,297</u>	<u>1,436,893</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	225,066	23,125	2,247,239	691,538	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>225,066</u>	<u>23,125</u>	<u>2,247,239</u>	<u>691,538</u>	<u>-</u>
FUND BALANCES					
Nonspendable:					
Property held for resale	740,792		552,760		
Advances to other funds	1,436,893				
Loans receivable	20,001				
Receivables and other assets	446,979	36,281			
Restricted for:					
Public safety					
Public works					
Debt service					
Community development			454,290		
Planning and building					
Other activities	75,883				
Committed	1,476,370	1,347,000			
Assigned	777,418	2,815,904			
Unassigned	6,107,104			(691,502)	(1,222,197)
TOTAL FUND BALANCES	<u>11,081,440</u>	<u>4,199,185</u>	<u>1,007,050</u>	<u>(691,502)</u>	<u>(1,222,197)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 13,108,713	\$ 4,328,550	\$ 3,268,867	\$ 1,707,333	\$ 214,696

The accompanying notes are an integral part of these financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,352,780	\$ 18,818,490
1,700,000	1,700,000
4,910	1,116,535
305	471,638
3,749	43,486
600,019	2,319,125
	2,535,829
	1,436,893
	1,293,552
	132,879
967,943	3,389,438
\$ 10,629,706	\$ 33,257,865
\$ 1,205,880	\$ 2,535,152
23,513	263,375
	353,891
792,455	2,499,752
	1,436,893
2,021,848	7,089,063
1,489,546	4,676,514
1,489,546	4,676,514
	1,293,552
	1,436,893
	20,001
	483,260
1,196,271	1,196,271
6,304,178	6,304,178
29,982	29,982
	454,290
281,996	281,996
	75,883
	2,823,370
	3,593,322
(694,115)	3,499,290
7,118,312	21,492,288
\$ 10,629,706	\$ 33,257,865

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CITY OF AMERICAN CANYON
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2015

Total fund balance, governmental funds \$ 21,492,288

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 271,084,671

Pension contributions subsequent to the valuation measurement date will reduce the pension liability in the future and are reported as deferred outflows of resources on the statement of net position. 1,211,637

Revenues and loans receivable which are deferred on the Fund Balance Sheets, because they are not available currently, are taken into revenue in the Statement of Activities. 4,676,514

Internal service funds are used by management to charge the costs of activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position. This amount excludes long-term assets and liabilities reported separately below. (4,781)

Long-term assets and liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Long-term debt	(8,869,289)
Compensated absences	(958,534)
Other post-employment benefits	(513,765)
Uninsured claims	(413,321)
Net pension liability	(7,883,080)

Deferred amounts on refunding are reported as deferred outflows of resources in the government-wide financial statements but are not reported in the governmental fund statements. 50,007

Employee pension differences to be recognized in the futures as pension expense are reported as deferred inflows of resources on the statement of net position. (2,005,483)

NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION \$ 277,866,864

The accompanying notes are an integral part of these financial statements.

CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds				
	General Fund	Fire District Operations Fund	Affordable Housing Capital Projects	Storm Drainage Special Revenue	Civic Facilities Capital Projects
REVENUES					
Property taxes	\$ 8,012,018	\$ 3,340,741			
Sales taxes	2,358,219			\$ 1,015,795	
Other taxes	2,572,774	596,670			
Special assessments					
Fines and forfeitures	111,533				
Licenses and permits	445,555				
Intergovernmental	149,080				
Charges for services	2,276,477	401,509			\$ 130,730
Use of money and property	587,124	9,624	\$ 1,320		339
Other	309,181	86,871			
TOTAL REVENUES	<u>16,821,961</u>	<u>4,435,415</u>	<u>1,320</u>	<u>1,015,795</u>	<u>131,069</u>
EXPENDITURES					
Current:					
General government	5,063,728				
Public safety	5,775,633	3,958,071			
Public works	1,866,469				
Community development	2,045,136		101,297		
Parks and recreation	2,185,376				
Storm drain	235,119			125,000	
Debt Service:					
Principal					
Interest and other charges					36,875
Capital outlay	102,841	37,593			
TOTAL EXPENDITURES	<u>17,274,302</u>	<u>3,995,664</u>	<u>101,297</u>	<u>125,000</u>	<u>36,875</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(452,341)</u>	<u>439,751</u>	<u>(99,977)</u>	<u>890,795</u>	<u>94,194</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,700,124		247		
Transfers out	(1,007,673)			(551,002)	
TOTAL OTHER FINANCING SOURCES AND USES	<u>692,451</u>		<u>247</u>	<u>(551,002)</u>	
NET CHANGE IN FUND BALANCES	240,110	439,751	(99,730)	339,793	94,194
Fund balances, beginning of year	<u>10,841,330</u>	<u>3,759,434</u>	<u>1,106,780</u>	<u>(1,031,295)</u>	<u>(1,316,391)</u>
FUND BALANCES, END OF YEAR	<u>\$ 11,081,440</u>	<u>\$ 4,199,185</u>	<u>\$ 1,007,050</u>	<u>\$ (691,502)</u>	<u>\$ (1,222,197)</u>

The accompanying notes are an integral part of these financial statements.

Other Governmental Funds	Total Governmental Funds
	\$ 11,352,759
	3,374,014
	3,169,444
\$ 470,689	470,689
	111,533
	445,555
725,045	874,125
1,687,676	4,496,392
23,246	621,653
4,284	400,336
<u>2,910,940</u>	<u>25,316,500</u>
	5,063,728
	9,733,704
1,976,011	3,842,480
248,862	2,395,295
16,462	2,201,838
	360,119
559,479	559,479
336,003	372,878
1,059,873	1,200,307
<u>4,196,690</u>	<u>25,729,828</u>
<u>(1,285,750)</u>	<u>(413,328)</u>
2,041,368	3,741,739
<u>(1,188,339)</u>	<u>(2,747,014)</u>
<u>853,029</u>	<u>994,725</u>
(432,721)	581,397
<u>7,551,033</u>	<u>20,910,891</u>
<u>\$ 7,118,312</u>	<u>\$ 21,492,288</u>

CITY OF AMERICAN CANYON

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2015**

Net change in fund balances - total governmental funds: \$ 581,397

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.

Capital outlay	1,200,307
Depreciation expense	(3,616,900)
Disposals and transfers	(250,374)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	348,577
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Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceed proceeds, net of amortization of deferred amount on refunding.	551,145
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Internal service funds are used by management to charge the costs of activities to individual funds. The net revenue of certain internal service funds is reported with governmental activities.	148,795
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Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Compensated absences	(6,622)
Other post-employment benefits	(172,757)
Uninsured claims	(274,026)
Change in deferred outflow of resources	246,102
Change in net pension obligation	1,924,484
Change in deferred inflow of resources	(2,005,483)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ (1,325,355)</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Property taxes	\$ 7,906,984	\$ 7,906,984	\$ 8,012,018	\$ 105,034
Sales taxes	2,311,239	2,311,239	2,358,219	46,980
Other taxes	2,333,100	2,333,100	2,572,774	239,674
Fees and fines	151,000	151,000	111,533	(39,467)
Licenses and permits	334,100	434,100	445,555	11,455
Intergovernmental	381,500	393,000	149,080	(243,920)
Charges for services	1,432,700	2,989,786	2,276,477	(713,309)
Investment earnings	531,553	531,553	587,124	55,571
Other	213,100	213,100	309,181	96,081
TOTAL REVENUES	<u>15,595,276</u>	<u>17,263,862</u>	<u>16,821,961</u>	<u>(441,901)</u>
EXPENDITURES				
Current:				
General government	4,067,964	4,154,026	5,063,728	(909,702)
Public safety	5,779,483	5,779,785	5,775,633	4,152
Public works	1,967,216	2,109,513	1,866,469	243,044
Community development	1,768,077	3,041,606	2,045,136	996,470
Culture and recreation	2,377,129	2,419,440	2,185,376	234,064
Storm drain	308,249	311,089	235,119	75,970
Capital outlay	83,700	96,500	102,841	(6,341)
TOTAL EXPENDITURES	<u>16,351,818</u>	<u>17,911,959</u>	<u>17,274,302</u>	<u>637,657</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(756,542)</u>	<u>(648,097)</u>	<u>(452,341)</u>	<u>195,756</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	9,000	9,000		(9,000)
Transfers in	2,395,999	2,395,999	1,700,124	(695,875)
Transfers out	(2,001,672)	(2,013,872)	(1,007,673)	1,006,199
TOTAL OTHER FINANCING SOURCES AND USES	<u>403,327</u>	<u>391,127</u>	<u>692,451</u>	<u>301,324</u>
NET CHANGE IN FUND BALANCES	(344,215)	(247,970)	240,110	506,080
Fund balances, beginning of year	<u>10,841,330</u>	<u>10,841,330</u>	<u>10,841,330</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 10,497,115</u>	<u>\$ 10,593,360</u>	<u>\$ 11,081,440</u>	<u>\$ 506,080</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Fire District Operations Fund
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 3,241,865	\$ 3,241,865	\$ 3,340,741	\$ 98,876
Other taxes	590,000	590,000	596,670	6,670
Charges for services	273,700	273,700	401,509	127,809
Investment earnings	9,500	9,500	9,624	124
Other	92,000	92,000	86,871	(5,129)
TOTAL REVENUES	<u>4,207,065</u>	<u>4,207,065</u>	<u>4,435,415</u>	<u>228,350</u>
EXPENDITURES				
Current:				
Public safety	4,327,850	4,425,626	3,958,071	467,555
Capital outlay	16,000	41,000	37,593	3,407
TOTAL EXPENDITURES	<u>4,343,850</u>	<u>4,466,626</u>	<u>3,995,664</u>	<u>470,962</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(136,785)</u>	<u>(259,561)</u>	<u>439,751</u>	<u>699,312</u>
NET CHANGE IN FUND BALANCES	(136,785)	(259,561)	439,751	699,312
Fund balances, beginning of year	<u>3,759,434</u>	<u>3,759,434</u>	<u>3,759,434</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,622,649</u>	<u>\$ 3,499,873</u>	<u>\$ 4,199,185</u>	<u>\$ 699,312</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Storm Drainage
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Sales taxes	\$ 886,855	\$ 886,855	\$ 1,015,795	\$ 128,940
TOTAL REVENUES	<u>886,855</u>	<u>886,855</u>	<u>1,015,795</u>	<u>128,940</u>
EXPENDITURES				
Current:				
Storm drain	5,500	130,500	125,000	5,500
TOTAL EXPENDITURES	<u>5,500</u>	<u>130,500</u>	<u>125,000</u>	<u>5,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>881,355</u>	<u>756,355</u>	<u>890,795</u>	<u>134,440</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(881,355)	(1,001,355)	(551,002)	450,353
TOTAL OTHER FINANCING SOURCES AND USES	<u>(881,355)</u>	<u>(1,001,355)</u>	<u>(551,002)</u>	<u>450,353</u>
NET CHANGE IN FUND BALANCES		(245,000)	339,793	584,793
Fund balances, beginning of year	(1,031,295)	(1,031,295)	(1,031,295)	-
FUND BALANCES , END OF YEAR	<u>\$ (1,031,295)</u>	<u>\$ (1,276,295)</u>	<u>\$ (691,502)</u>	<u>\$ 584,793</u>

The accompanying notes are an integral part of these financial statements.

CITY OF AMERICAN CANYON
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business Type Activities-			Governmental
	Enterprise Funds			Activities-
	Water	Wastewater	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 2,025,227	\$ 5,070,963	\$ 7,096,190	\$ 28,821
Accounts receivable, net	450,019	397,790	847,809	47,579
Interest receivable	2,786	3,754	6,540	18
Due from other governments				18,820
Total current assets	<u>2,478,032</u>	<u>5,472,507</u>	<u>7,950,539</u>	<u>95,238</u>
Non-current assets:				
Restricted cash	1,815,207	273,399	2,088,606	
Advances to other funds		5,679,884	5,679,884	
Capital assets:				
Non-depreciable	1,865,928	2,241,755	4,107,683	
Depreciable, net of accumulated depreciation	<u>28,801,350</u>	<u>25,439,114</u>	<u>54,240,464</u>	<u>470,516</u>
Total non-current assets	<u>32,482,485</u>	<u>33,634,152</u>	<u>66,116,637</u>	<u>470,516</u>
TOTAL ASSETS	<u>34,960,517</u>	<u>39,106,659</u>	<u>74,067,176</u>	<u>565,754</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension	<u>119,782</u>	<u>165,610</u>	<u>285,392</u>	<u>31,105</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	841,821	190,508	1,032,329	86,540
Accrued expenses	2,840	1,775	4,615	
Accrued interest payable	500	142,407	142,907	
Due to other funds				36,077
Deposits	133,614	44,185	177,799	
Compensated absences, current portion	50,497	65,627	116,124	16,890
Bonds, notes and loans payable, current portion	<u>268,328</u>	<u>599,474</u>	<u>867,802</u>	<u>28,270</u>
Total current liabilities	<u>1,297,600</u>	<u>1,043,976</u>	<u>2,341,576</u>	<u>167,777</u>
Non-current liabilities:				
Advances from other funds	5,679,884		5,679,884	
Bonds, notes and loans payable	1,652,623	4,674,842	6,327,465	258,460
Net OPEB liability	52,286	76,604	128,890	7,114
Net pension liability	<u>779,317</u>	<u>1,077,478</u>	<u>1,856,795</u>	<u>202,379</u>
Total non-current liabilities	<u>8,164,110</u>	<u>5,828,924</u>	<u>13,993,034</u>	<u>467,953</u>
TOTAL LIABILITIES	<u>9,461,710</u>	<u>6,872,900</u>	<u>16,334,610</u>	<u>635,730</u>
DEFERRED INFLOW OF RESOURCES				
Pension	<u>198,261</u>	<u>274,114</u>	<u>472,375</u>	<u>51,486</u>
NET POSITION				
Net investment in capital assets	28,860,591	22,406,553	51,267,144	183,786
Restricted for:				
Debt service		273,399	273,399	
Capacity expansion	1,815,207		1,815,207	
Unrestricted	<u>(5,255,470)</u>	<u>9,445,303</u>	<u>4,189,833</u>	<u>(274,143)</u>
TOTAL NET POSITION	<u>\$ 25,420,328</u>	<u>\$ 32,125,255</u>	<u>57,545,583</u>	<u>\$ (90,357)</u>

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the Business Activities of the Statement of Net Position.

34,172

TOTAL NET POSITION PER GOVERNMENT-WIDE FINANCIAL STATEMENTS \$ 57,579,755

The accompanying notes are an integral part of these financial statements.

CITY OF AMERICAN CANYON
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Business Type Activities		Total	Governmental
	Enterprise Funds			Activities-
	Water	Wastewater		Internal Service
			Funds	
OPERATING REVENUES				
Charges for services	\$ 4,333,543	\$ 3,914,276	\$ 8,247,819	\$ 1,119,733
Other	264,569	72,656	337,225	
TOTAL OPERATING REVENUES	<u>4,598,112</u>	<u>3,986,932</u>	<u>8,585,044</u>	<u>1,119,733</u>
OPERATING EXPENSES				
Employee services	1,100,731	1,319,402	2,420,133	290,454
Maintenance and operations	4,724,887	1,265,077	5,989,964	882,419
Depreciation	1,354,007	1,299,912	2,653,919	26,560
TOTAL OPERATING EXPENSES	<u>7,179,625</u>	<u>3,884,391</u>	<u>11,064,016</u>	<u>1,199,433</u>
OPERATING INCOME (LOSS)	<u>(2,581,513)</u>	<u>102,541</u>	<u>(2,478,972)</u>	<u>(79,700)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	14,233	163,841	178,074	(54)
Operating grants and contributions	10,410		10,410	99,584
Interest expense	(188,160)	(145,717)	(333,877)	(8,189)
(Loss) on disposal of fixed assets	(533,270)		(533,270)	
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(696,787)</u>	<u>18,124</u>	<u>(678,663)</u>	<u>91,341</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(3,278,300)</u>	<u>120,665</u>	<u>(3,157,635)</u>	<u>11,641</u>
Capital contributions	171,882	70,143	242,025	125,000
Transfers in		300,000	300,000	18,632
Transfers out	(594,831)	(699,894)	(1,294,725)	(18,632)
CHANGE IN NET POSITION	<u>(3,701,249)</u>	<u>(209,086)</u>	<u>(3,910,335)</u>	<u>136,641</u>
Net position, beginning of year - as originally reported	29,995,695	33,542,890	63,538,585	
Restatement	(874,118)	(1,208,549)	(2,082,667)	(226,998)
Net position, beginning of year - as restated	<u>29,121,577</u>	<u>32,334,341</u>	<u>61,455,918</u>	<u>(226,998)</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 25,420,328</u>	<u>\$ 32,125,255</u>	<u>\$ 57,545,583</u>	<u>\$ (90,357)</u>
Change in net position			(3,910,335)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>34,172</u>	
CHANGE IN NET POSITION OF BUSINESS TYPE ACTIVITIES			<u>\$ (3,876,163)</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF AMERICAN CANYON
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Enterprise Funds			Governmental Activities
	Water	Wastewater	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 4,731,129	\$ 4,028,269	\$ 8,759,398	
Cash paid to suppliers	(4,163,683)	(1,137,598)	(5,301,281)	\$ (795,879)
Cash paid to employees and related benefits	(1,101,734)	(1,362,858)	(2,464,592)	(270,688)
CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(534,288)	1,527,813	993,525	53,166
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental revenue received	10,410		10,410	33,185
Amounts received (paid) to other funds	(447,619)	(547,106)	(994,725)	36,077
CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(437,209)	(547,106)	(984,315)	69,262
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital expenditures	(492,645)	(407,931)	(900,576)	(182,888)
Capital revenues received	171,882	70,143	242,025	125,000
Principal paid on short-term loan		(188,817)	(188,817)	
Principal paid on long-term liabilities	(533,323)	(583,714)	(1,117,037)	(27,458)
Interest paid on long-term liabilities	(212,447)	(161,477)	(373,924)	(8,189)
CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(1,066,533)	(1,271,796)	(2,338,329)	(93,535)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	14,768	163,016	177,784	(72)
CHANGE IN CASH AND INVESTMENTS	(2,023,262)	(128,073)	(2,151,335)	28,821
Cash and investments, beginning of year	5,863,696	5,472,435	11,336,131	
CASH AND INVESTMENTS, END OF YEAR	\$ 3,840,434	\$ 5,344,362	\$ 9,184,796	\$ 28,821
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION:				
Cash and investments	\$ 2,025,227	\$ 5,070,963	\$ 7,096,190	28,821
Restricted cash and investments	1,815,207	273,399	2,088,606	
CASH AND INVESTMENTS	\$ 3,840,434	\$ 5,344,362	\$ 9,184,796	\$ 28,821
RECONCILIATION OF OPERATING (LOSS) INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (2,581,513)	\$ 102,541	\$ (2,478,972)	\$ (79,700)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:				
Depreciation and amortization	1,354,007	1,299,912	2,653,919	26,560
Expense of construction in progress not meeting capitalization threshold	265,494	-	265,494	
Postemployment benefit accrual	24,276	36,987	61,263	7,114
Pension expense	103,460	143,043	246,503	26,867
Changes in operating assets and liabilities:				
Change in deferred outflows of resources for pensions	(119,782)	(165,610)	(285,392)	(31,105)
Accounts and other receivables	133,017	41,337	174,354	
Accounts payable and accrued expenses	303,685	96,540	400,225	86,540
Deposits	(3,839)		(3,839)	
Compensated absences	(13,093)	(26,937)	(40,030)	16,890
CASH (USED) PROVIDED BY OPERATING ACTIVITIES	\$ (534,288)	\$ 1,527,813	\$ 993,525	\$ 53,166
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:				
Issuance of capital lease	\$ 533,323	\$ -	\$ 533,323	\$ 314,188

The accompanying notes are an integral part of these financial statements.

CITY OF AMERICAN CANYON
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2015

	<u>Total Agency Funds</u>
ASSETS	
Cash and investments	\$ 1,918,838
Restricted cash and investments	293,460
Taxes receivable	21,416
Interest receivable	<u>1,043</u>
TOTAL ASSETS	<u>\$ 2,234,757</u>
 LIABILITIES	
Accounts payable	\$ 84
Agency obligations	<u>2,234,673</u>
TOTAL LIABILITIES	<u>\$ 2,234,757</u>

The accompanying notes are an integral part of these financial statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of American Canyon was incorporated as a general law city in 1992. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, water, wastewater, culture-recreation, public improvements, planning and zoning, transit and general administration.

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

Reporting Entity

The financial statements of the City of American Canyon include the financial activities of the City and its component units.

The American Canyon Financing Authority and American Canyon Fire Protection District are legally separate entities for which the City is financially accountable and they are governed by the elected City Council. The Authority was formed to provide a method of financing public improvements, and the Fire District became part of the City when it was incorporated in 1992. The City controls the Fire Protection District and is financially accountable for their activities. The financial activities of the Authority and the Fire District are blended with those of the City and are reported in the City's governmental funds, and as capital assets of the City and debt obligations of the City. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Separate component unit financial reports are not prepared.

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.

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

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government (the City). These statements include the financial activities of the overall City government, except for fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

CITY OF AMERICAN CANYON, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE A – 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. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

Major Funds

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

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

General Fund – The General Fund is used for all the general revenues of the City not specifically levied or collected for other City funds and the related expenditures.

Fire District Operations Fund – Accounts for fire services provided by the component unit fire protection district.

Affordable Housing Capital Projects Fund – Accounts for fees collected from developers in lieu of providing affordable housing services.

Storm Drainage Special Revenue Fund – Accounts for the proceeds and expenditures of sales taxes received under the Napa County Flood Protection Sales Tax.

Civic Facilities Capital Projects Fund – Accounts for impact fees collected by new development to be used for Civic Facilities improvement projects.

CITY OF AMERICAN CANYON, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reported both of its enterprise funds as major funds in the accompanying financial statements:

Water Enterprise Fund – Accounts for the operations of the City’s treatment and distribution system.

Wastewater Enterprise Fund – Accounts for the operation of the City’s wastewater treatment plant and collection facilities.

The City also reports the following fund types:

Internal Service Funds – account for building maintenance, fleet and information technology services provided to other departments or agencies of the City on a cost-reimbursement basis.

Fiduciary Funds – These funds are used to account for assets held by the City in a fiduciary capacity for special assessment districts. They consist entirely of Agency Funds. The financial activities of these funds are excluded from the City-wide financial statements but are presented in separate Fiduciary Fund financial statements.

Basis of Accounting

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. The Fiduciary Fund statements do not involve the results of operations and do not use a measurement basis.

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

Those revenues susceptible to accrual at both the City-wide and Fund level are property, sales and franchise taxes, current service charges, and interest revenue. Fines and licenses and permits are not susceptible to accrual because they are not measurable until received in cash.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are exchange or exchange-like transactions between functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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 fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. 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.

Property Tax Revenues

Napa County assesses properties and bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on January 1.

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

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

Restricted Assets

Certain proceeds of long-term debt are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Restricted cash includes the "reserve" account used to report resources set aside to make up potential future deficiencies in the bond's debt service. Restricted cash also includes unspent proceeds of Special Assessment debt transferred to City capital projects funds. The restricted assets in the Proprietary Funds also includes amounts collected that are restricted for capacity expansion.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets Held for Resale

Assets held for resale are carried at the lower of cost or market, but not greater than the net realizable value. In the Fund Financial Statements, an amount equal to the carrying value of the net asset is reported as nonspendable fund balance because such assets are not available to finance the City's current operations.

Compensated Absences

Compensated absences are comprised of unpaid vacation and certain compensated time off, which are accrued as earned. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the government and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the government and its employees are accounted for in the period in which such services are rendered or such events take place. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The City's liability for compensated absences is recorded in the General, Fire District, Internal Service, Water, and Wastewater funds as appropriate and are generally liquidated by these funds. The liability for compensated absences is determined annually.

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

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Commission's California Public Employee's Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net position liability is generally liquidated by the City's General, Fire District Operations, Internal Service, Water and Wastewater Funds.

New Pronouncements

In February 2015, the GASB approved Statement No. 72, Fair Value Measurement and Application. This Statement addresses accounting and financial reporting issues related to fair value measurements and will require additional disclosures about assets and liabilities measured at fair value. This Statement is effective for periods beginning after June 15, 2015.

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)", replaces the requirements of GASB Statement No. 45 and requires governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets specified criteria to report a net OPEB liability, which is the difference

CITY OF AMERICAN CANYON, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

between the total OPEB liability and assets accumulated in the trust and restricted to making benefit payments, on the face of the financial statements. Governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan. Governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. This Statement also requires governments to present more extensive note disclosures and required supplementary information about their OPEB liabilities. This Statement is effective beginning the year ended June 30, 2018.

The City is currently analyzing the impact of the required implementation of these new statements.

NOTE B – BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds except the BEGIN Program, State and Federal Grants-Fire Special Revenue Funds and debt service funds. All annual appropriations lapse at fiscal year end.

The appropriated budget is prepared by fund, department, division, object and line item. The City's department managers may make transfers of appropriations within a division. Transfers of appropriations between divisions require the approval of the Chief Administrative Officer. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. All budget amounts presented in the accompanying financial statements have been adjusted for legally authorized revisions of the annual budgets during the year. Amounts represent the original budgeted amounts and all supplemental appropriations. The supplemental appropriations were immaterial.

The Gas Tax, Newell Park Open Space, Zero Water Footprint Traffic Impact, Infrastructure and Lease Revenue Bonds funds had expenditures in excess of the final appropriation for the fiscal year ended June 30, 2015 by \$23,000, \$6,093, \$623,013, \$755,660 and \$145, respectively. These over expenditures were funded by available fund balance or current year revenues.

NOTE C – CASH AND INVESTMENTS

The City's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The City pools cash from all sources and all funds except cash and investments held by trustees so that it can be invested at the maximum yield consistent with safety and liquidity, while individual funds can make expenditures at any time.

Policies

The City invests in investment pools and money market mutual funds.

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

CITY OF AMERICAN CANYON, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE C – CASH AND INVESTMENTS (Continued)

Classification

Cash and Investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements.

Cash and investments	\$ 25,943,501
Restricted cash and investments	3,788,606
Total cash and investments of primary government	29,732,107
Cash and investments in Fiduciary Funds	1,918,838
Restricted cash and investments in Fiduciary Funds	293,460
Total cash and investments	\$ 31,944,405

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

Cash on hand	\$ 2,300
Deposits with financial institutions	661,567
Investments:	
Held by City	29,578,290
Held by fiscal agents	1,702,248
Total cash and investments	\$ 31,944,405

Cash and Investments is used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE C – CASH AND INVESTMENTS (Continued)

Investments Authorized by the California Government Code and the City’s Investment Policy

The City’s Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code, or the City’s Investment Policy where the City’s Investment Policy is more restrictive.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment of One Issuer
Local Agency Bonds	5 years	None	None	None
U.S. Treasury Obligations	5 years	None	None	None
State of California Obligations	5 years	None	None	None
California Local Agency Obligations	5 years	None	None	None
U.S. Agency Obligations	5 years	None	None	None
Bankers' Acceptances	180 days	None	40%	30%
Commercial Paper	270 days	A-1/P-1/F-1	25%	10%
Negotiable Certificate of Deposit	5 years	None	30%	None
Repurchase Agreements	1 year	None	None	None
Reverse Repurchase Agreements	92 days	None	20%	None
Securities Lending Arrangements	92 days	None	20%	None
Medium-Term Notes	5 years	A	30%	None
Mutual Funds	N/A	None	20%	10%
Money Market Funds	N/A	None	20%	None
Collateralized Bank Deposits	5 years	None	None	None
Mortgage-Pass Through Securities	5 years	AA	20%	None
Time Deposits	5 years	None	None	None
County Pooled Investment Funds	N/A	None	None	None
Joint Powers Authority Pool	N/A	None	None	None
Local Agency Investment Fund	N/A	None	None	None
California Asset Management Program (CAMP)	N/A	None	None	None

CITY OF AMERICAN CANYON, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE C – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Bankers' Acceptances	360 days	A-1
U.S. Treasury Bills and Notes	None	N/A
State General Obligations	None	A
Municipal Obligations	None	Aaa/AAA
U.S. Government Agency Securities	None	AAA
U.S. Government Sponsored Securities	None	AAA
Federal Housing Administration Debentures	None	N/A
Medium Term Notes	5 year	A
Commercial Paper	270 days	A-1+
State Local Agency Investment Fund	N/A	N/A
Money Market Fund	N/A	AAm
Defeasance Securities	N/A	N/A
Pre-refunded Municipal Obligations	None	AAA
Investment Agreements	N/A	AA
Unsecured Certificates of Deposit	30 days	A-1
CalTrust	None	N/A

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 changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City generally manages its interest rate risk by investing in the Local Agency Investment Fund (LAIF), which provides the necessary cash flow and liquidity needed for operations, as well as purchasing a combination of shorter term and longer term investments so that a portion of the portfolio is maturing or coming close to maturing evenly over time.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE C – CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the City’s investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity or earliest call date:

Authorized Investment Type	12 Months or less	13 to 36 Months	36 to 60 Months	Total
California Local Agency Investment Fund	\$ 14,615,945			\$ 14,615,945
U.S. Government Agency Obligations	1,114,095	\$ 3,147,615	\$ 1,698,340	5,960,050
U.S. Corporate Obligations	457,902	1,386,593	1,453,392	3,297,887
U.S. Treasury Notes		1,249,519	2,577,105	3,826,624
Asset-Backed Securities	218,359	719,527	310,190	1,248,076
Commercial paper	573,931			573,931
Money Market Mutual Funds	1,758,025			1,758,025
Total investments	18,738,257	6,503,254	6,039,027	31,280,538
Cash on hand	2,300			2,300
Cash in bank	661,567			661,567
Total cash and investments	\$ 19,402,124	\$ 6,503,254	\$ 6,039,027	\$ 31,944,405

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF’s investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The total fair value amount invested by all public agencies in LAIF is \$69,672,945,247, managed by the State Treasurer. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by the State Statute. At June 30, 2015, these investments matured in an average of 239 days.

CITY OF AMERICAN CANYON, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE C – CASH AND INVESTMENTS (Continued)

Credit Risk

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. The following are credit ratings issued by Moody's and Standard and Poor's as of June 30, 2015:

Investment Type	Aaa/AAA	Aa 1	Aa 2	Aa 3	P-1	A1, A2, A3	Total
Money Market Mutual Funds							
(U.S. Securities)	\$1,758,025						\$ 1,758,025
U.S. Government Agencies	5,960,050						5,960,050
U.S. Corporate Obligations		\$367,308	\$413,270	\$150,760		\$2,366,549	3,297,887
Asset-Backed Securities	1,248,076						1,248,076
Commercial paper					\$573,931		573,931
Totals	<u>\$8,966,151</u>	<u>\$367,308</u>	<u>\$413,270</u>	<u>\$150,760</u>	<u>\$573,931</u>	<u>\$2,366,549</u>	12,837,969
<i>Not rated:</i>							
California Local Agency Investment Fund							14,615,945
Negotiable CD							2,300
Cash on hand							661,567
Cash in banks							3,826,624
<i>Exempt from credit rate disclosure:</i>							
U.S. Treasury Notes							<u>3,826,624</u>
Total cash and investments							<u>\$31,944,405</u>

Concentration of Credit Risk

The investment policy of the City has no limitations on the amount that can be invested in any one issuer beyond what is stipulated by the California Government Code. Investments exceeding 5% of total investments that are required to be disclosed under GASB Statement No. 40 were as follows at June 30, 2015:

Issuer	Investment Type	Reported Amounts
Federal National Mortgage Association	U.S. Government Agencies	\$ 1,954,247
Federal Home Loan Mortgage Corporation	U.S. Government Agencies	1,748,858
Federal Home Loan Bank	U.S. Government Agencies	1,648,525

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE C – CASH AND INVESTMENTS (Continued)

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’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, 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 governmental 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 public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2015, the City had \$651,984 in deposits at banks above the federally insured limit, which are collateralized.

NOTE D – INTERFUND TRANSACTIONS

Interfund transactions between funds are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables or payables as appropriate, and are subject to elimination upon consolidation. The City transfers resources among funds in the course of normal operations. Services provided, deemed to be at market or near market rates, such as vehicle maintenance, are accounted for as revenues and expenditures/ expenses. Transactions to reimburse a fund for expenditures/expenses initially made from it that are applicable to another fund are recorded as expenditures/expenses in the correct fund and as reductions of expenditures/ expenses in the original fund. All other interfund transactions are reported as transfers.

Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2015 were as follows:

<u>Fund Making Transfer</u>	<u>Fund Receiving Transfers</u>	<u>Amount Transferred</u>
General Fund	Cabernet Village Lease Debt Service Fund	\$ 476,504 (C)
	Lease Revenue Bonds Debt Service Fund	283,531 (C)
	Broadway Property Lease Debt Service Fund	134,680 (C)
	City Capital Projects Fund	112,958 (B)
Major Governmental Funds:		
Storm Drainage Special Revenue	General Fund	153,566 (A)
	City Capital Projects Fund	97,436 (B)
	Wastewater Enterprise Fund	300,000 (D)

CITY OF AMERICAN CANYON, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE D – INTERFUND TRANSACTIONS (Continued)

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred
Major Enterprise Funds:		
Water	General Fund	537,451 (A)
	City Capital Projects Fund	57,380 (B)
Wastewater	General Fund	582,713 (A)
	City Capital Projects Fund	117,181 (B)
Non-major Special Revenue Funds:		
Gas Tax	General Fund	300,000 (A)
	City Capital Projects Fund	132,786 (B)
CDBG Loan Development	General Fund	10,307 (A)
	Affordable Housing Capital Project Fund	247 (A)
State Supplemental Law Enforcement	General Fund	100,100 (A)
Abandoned Vehicle	General Fund	15,987 (A)
State and Federal Grants - City Funds	City Capital Projects Fund	409,797 (B)
Non-major Capital Projects Funds:		
Park Improvement	City Capital Projects Fund	6,984 (B)
Traffic Impact	City Capital Projects Fund	183,384 (B)
City Capital Projects Fund	State and Federal Grants - City Funds	28,747 (A)
Internal Service Funds:		
Building Maintenance	Fleet	10,400 (A)
Building Maintenance	Information technology	4,116 (A)
Fleet	Information technology	4,116 (A)
		<u>\$ 4,060,371</u>

- (A) Transfer resources to fund incurring expenditures
- (B) Transfer to fund capital improvements
- (C) Transfer to fund debt service payments
- (D) Transfer to fund flood protection projects

CITY OF AMERICAN CANYON, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE D – INTERFUND TRANSACTIONS (Continued)

Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2015, the following funds have interfund balances.

<u>Fund Making Loan</u>	<u>Fund Receiving Loan</u>	<u>Amount</u>
General Fund	Major Governmental Funds:	
	Storm Drainage	\$ 1,707,297
	Non-Major Special Revenue Funds:	
	CDGB Loan Development	141,881
	State and Federal Grants - City Fund	493,611
	Non-Major Capital Projects Funds:	
	Park Improvement	112,816
	Infrastructure	44,147
	Internal Service Funds:	
	Building Maintenance	15,731
	Fleet	20,346
	Total Due To/Due From Other Funds	<u><u>\$ 2,535,829</u></u>

Advances Between Funds

During fiscal year ended June 30, 2010, the General Fund advanced the Civic Facilities Capital Projects Fund \$1,514,166 for construction of the Senior Multi-Use Center. As of June 30, 2015, \$1,436,893 was outstanding on this advance, including accrued interest of \$207,727. This loan accrues interest at 3% per year to be repaid when funds are available. No repayments were made on this advance during fiscal year 2015.

In December 2009, the Wastewater Enterprise Fund advanced the Water Enterprise Fund \$4,907,024 for the Green Island Road Recycled Waterline project, Recycled Water Pump Station upgrade and other various construction projects. As of June 30, 2015, \$5,679,884 was outstanding on this advance, including accrued interest of \$772,859. This loan accrues interest at 3% per year to be repaid when funds are available. The City is in the process of determining how this loan will be repaid.

CITY OF AMERICAN CANYON, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE E – LOANS RECEIVABLE

At June 30, 2015, the City had the following loans receivable:

BEGIN Program	\$ 7,851,026
Mid Peninsula Housing Coalition Loan	2,247,239
CDBG Housing Rehabilitation Program	967,943
Employee Home Purchase Assistance	154,256
Relocation incentive home loan	20,000
	11,240,464
Valuation allowance	(7,851,026)
Loans, net	\$ 3,389,438

BEGIN Program

The City was awarded \$1,080,000 (\$30,000 each for 36 homes) from the State of California on August 17, 2005, plus an additional \$6,038,900, from Mid-Peninsula Housing Coalition (MPHC), a non-profit organization, to grant loans to qualified low-income home buyers at Vineyard Place, a subdivision comprised of 45 single-family detached homes. Loan payments are deferred for the life of the loan, or until the homeowner sells the home, whichever occurs sooner. The loans will be forgiven, in stages, commencing in the 26th year of the loan, and totally forgiven after 30 years. As of June 30, 2015, residents owed the City \$7,851,026 in loans offered by this program, which includes \$2,412,126 of accrued interest.

Since these loans are secured by trust deeds which are subordinated to other debt on the associated projects or are only repayable from residual cash receipts on the projects, collectability of the outstanding balances may not be realized. As a result, the entire outstanding balances of the loans have been offset by a valuation allowance. This allowance results in no assets or liabilities being shown in the BEGIN Fund. As a result, this fund is not presented in the combining fund statements.

Mid-Peninsula Housing Coalition Loan

The City loaned the Mid-Peninsula Housing Coalition (MPHC) \$2,265,000 for the construction of the Vineyard Crossing Apartments. As part of the agreement, the City will receive a residual share of the cash flow from the project. As of June 30, 2015, the loan balance was \$2,247,239.

CDBG Housing Rehabilitation Program

The City administers a Housing Rehabilitation Loan Program using the Housing and Community Development Act funds. Under this program, residents with incomes below a certain level are eligible to receive low interest loans, secured by deeds of trust, for construction work on their homes. Federal grants are used to fund these loans. Upon approval of loans, the City disburses the funds, and arranges for and collects repayments. These loans generally have interest rates of 3%, although some are zero-interest-rate loans, and are generally due upon transfer of the home or refinancing. As of June 30, 2015, residents owed the City \$967,943 in loans offered by this Program, including accrued interest.

CITY OF AMERICAN CANYON, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE E – LOANS RECEIVABLE (Continued)

Employee Home Purchase Assistance

The City provided home down payment assistance to its employees until fiscal year 2009/10 when the program was terminated. At June 30, 2015, there were 3 loans outstanding to employees. To qualify for the program, employees were required to be full-time and purchase a home within the City limits. The maximum loan amount was 10% of the purchase price, or \$50,000, whichever was less. Interest on the loans was determined using the current Local Agency Investment Fund rate. The maximum loan term was 20 years.

Relocation Incentive Home Loan

In 2013, as part of the City Manager’s employment contract, the City provided the City Manager with a \$50,000 zero-interest Relocation Incentive Home Loan, for which the City will forgive \$10,000 of the loan for each year of service provided by the City Manager. As of June 30, 2015, \$30,000 of the loan has been forgiven.

NOTE F – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. The City defines capital assets as equipment, vehicles, furniture and fixtures with an initial individual cost of more than \$5,000 (\$50,000 for infrastructure type assets) and an estimated useful life in excess of one year (30-75 years for infrastructure type assets) with the exception of Federally funded acquisitions, which are \$5,000 or more. Land is capitalized at an initial individual cost of more than \$150,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital leases are recorded as an asset and an obligation at an amount equal to the present value at the beginning of the lease term of future minimum lease payments during the lease term.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Buildings and Improvements	20-30 years
Public Domain Infrastructure	50 years
System Infrastructure-Utility	60 years
Vehicles and Equipment	2-15 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. No interest was capitalized during the fiscal year ended June 30, 2015.

CITY OF AMERICAN CANYON, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE F – CAPITAL ASSETS (Continued)

Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance at June 30, 2014	Additions	Retirements	Transfers	Balance at June 30, 2015
<u>Governmental Activities</u>					
Capital assets, not being depreciated:					
Land	\$ 7,878,928				\$ 7,878,928
Street right of ways	162,284,085				162,284,085
Construction in progress	2,443,185	\$ 989,318	\$ (222,407)	\$ (277,127)	2,932,969
Total capital assets, not being depreciated	<u>172,606,198</u>	<u>989,318</u>	<u>(222,407)</u>	<u>(277,127)</u>	<u>173,095,982</u>
Capital assets, being depreciated:					
Buildings and improvements	48,215,224				48,215,224
Machinery and equipment	6,751,679	637,508	(243,821)		7,145,366
Infrastructure - streets and storm drains	82,378,549	70,557		277,127	82,726,233
Total capital assets, being depreciated	<u>137,345,452</u>	<u>708,065</u>	<u>(243,821)</u>	<u>277,127</u>	<u>138,086,823</u>
Less accumulated depreciation for:					
Buildings and improvements	(5,095,104)	(464,166)			(5,559,270)
Machinery and equipment	(5,333,829)	(342,657)	215,854		(5,460,632)
Infrastructure - streets and storm drains	(26,268,155)	(2,810,077)			(29,078,232)
Total accumulated depreciation	<u>(36,697,088)</u>	<u>(3,616,900)</u>	<u>215,854</u>	<u>-</u>	<u>(40,098,134)</u>
Capital assets being depreciated, net	<u>100,648,364</u>	<u>(2,908,835)</u>	<u>(27,967)</u>	<u>277,127</u>	<u>97,988,689</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$273,254,562</u>	<u>\$(1,919,517)</u>	<u>\$ (250,374)</u>	<u>\$ -</u>	<u>\$271,084,671</u>

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE F – CAPITAL ASSETS (Continued)

	Balance at June 30, 2014	Additions	Retirements	Transfers	Balance at June 30, 2015
<u>Business-Type Activities</u>					
Capital assets, not being depreciated:					
Land and improvements	\$ 1,642,993				\$ 1,642,993
Construction in progress	2,073,468	\$ 656,715	\$ (265,493)		2,464,690
Total capital assets, not being depreciated	<u>3,716,461</u>	<u>656,715</u>	<u>(265,493)</u>	<u>-</u>	<u>4,107,683</u>
Capital assets, being depreciated:					
Buildings and improvements	6,827,336				6,827,336
Water treatment and distribution	42,311,396	1,020,981	(800,000)		42,532,377
Equipment	1,425,838	49,979			1,475,817
Wastewater treatment and collection	35,650,234				35,650,234
Total capital assets, being depreciated	<u>86,214,804</u>	<u>1,070,960</u>	<u>(800,000)</u>	<u>-</u>	<u>86,485,764</u>
Less accumulated depreciation for:					
Buildings and improvements	(3,331,507)	(179,804)			(3,511,311)
Water treatment and distribution	(13,286,923)	(1,309,922)	266,730		(14,330,115)
Equipment	(1,355,247)	(27,050)			(1,382,297)
Wastewater treatment and collection	(11,884,434)	(1,137,143)			(13,021,577)
Total accumulated depreciation	<u>(29,858,111)</u>	<u>(2,653,919)</u>	<u>266,730</u>	<u>-</u>	<u>(32,245,300)</u>
Capital assets being depreciated, net	<u>56,356,693</u>	<u>(1,582,959)</u>	<u>(533,270)</u>	<u>-</u>	<u>54,240,464</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$60,073,154</u>	<u>\$ (926,244)</u>	<u>\$ (798,763)</u>	<u>\$ -</u>	<u>\$58,348,147</u>

Project Commitments

At June 30, 2015, the City had outstanding commitments with contractors for the following projects:

Project	Remaining Commitment
Parks Projects	26,992
Transportation Projects	299,643
Storm Drain Projects	33,361
Water Projects	121,552
Wastewater Projects	673,973
	<u>\$ 1,155,521</u>

CITY OF AMERICAN CANYON, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE F – CAPITAL ASSETS (Continued)

Depreciation Allocation

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or programs are as follows:

	<u>Depreciation</u>
Governmental Activities:	
General government	\$ 501,991
Public safety - Police	82,305
Public safety - Fire	353,888
Parks and recreation	319,645
Public works	2,359,071
Total Governmental Activities	\$ 3,616,900
Business-type Activities:	
Water	\$ 1,354,007
Wastewater	1,299,912
Total Business-type Activities	\$ 2,653,919

NOTE G – SHORT-TERM DEBT

As part of an incentive to install energy efficient equipment totaling \$327,000 at the wastewater plant, the City received a rebate of \$80,000 and a zero interest short-term loan of \$247,000 in fiscal year 2014. The outstanding balance of the loan at June 30, 2014 was \$188,817, which was repaid in fiscal year 2015.

NOTE H – LONG-TERM LIABILITIES

The City generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt.

The City's debt issues and transactions are summarized below and discussed in detail thereafter.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE H – LONG-TERM LIABILITIES (Continued)

Current Year Transactions and Balances

	Original Issue Amount	Restated Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Current Portion
<u>Governmental Activities</u>						
2012 Lease Revenue Bonds						
2.95%, due on 06/01/21	\$ 2,222,000	\$ 1,792,000		\$ (233,000)	\$ 1,559,000	\$ 241,000
Capital Lease - City Hall Facility						
4.54%, due 05/01/32	6,695,000	5,760,000		(215,000)	5,545,000	225,000
Capital Lease - Broadway Properties						
4.57%, due 08/22/2018	1,075,000	543,146		(111,479)	431,667	116,552
Municipal Asset Management, Inc.						
Capital Lease - 2.96% due 6/17/24	341,645		\$ 314,188	(27,458)	286,730	28,270
Cost reimbursement payable		1,046,892			1,046,892	
Compensated absences		951,912	672,433	(665,811)	958,534	565,927
Claims and judgments		139,295	1,430,007	(1,155,981)	413,321	
Other postemployment benefits		341,008	685,002	(512,245)	513,765	
Net pension liability		9,807,564		(1,924,484)	7,883,080	
Total Governmental Long-Term Liabilities		20,381,817	3,101,630	(4,845,458)	18,637,989	<u>\$ 1,176,749</u>
Less: Amount due within one year		(1,194,905)			(1,176,749)	
Total Governmental Long-Term Liabilities, Net		<u>\$ 19,186,912</u>	<u>\$ 3,101,630</u>	<u>\$(4,845,458)</u>	<u>\$ 17,461,240</u>	
	Original Issue Amount	Restated Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015	Current Portion
<u>Business-type Activities</u>						
State of California Davis-Grunsky Loan						
2.5%, due 12/31/27	\$ 2,050,000	\$ 949,674		\$ (59,255)	\$ 890,419	\$ 60,691
State Water Resources Control Board, State Revolving Fund Loan						
2.7%, due 07/15/22	10,859,470	5,858,030		(583,714)	5,274,316	599,474
City of Vallejo Note Payable						
6.0%, due 12/31/14	2,783,655	374,068		(374,068)	-	
City of Napa Note Payable						
4.0%, due 09/30/2017	350,000	150,000		(100,000)	50,000	50,000
Municipal Asset Management, Inc.						
Capital Lease - 2.41% due 12/5/19	827,100		\$ 827,100		827,100	157,637
Compensated absences		156,154	149,185	(189,215)	116,124	116,124
Other postemployment benefits		67,627	134,272	(73,009)	128,890	
Net pension liability		2,310,091		(453,296)	1,856,795	
Total Business-type Long-Term Liabilities		9,865,644	1,110,557	(1,832,557)	9,143,644	<u>\$ 983,926</u>
Less: Amount due within one year		(1,249,976)			(983,926)	
Add: Unamortized interest on Davis-Grunsky Loan		164,946		(11,514)	153,432	
Total Business-type Activity Liabilities		<u>\$ 8,780,614</u>	<u>\$ 1,110,557</u>	<u>\$(1,844,071)</u>	<u>\$ 8,313,150</u>	

CITY OF AMERICAN CANYON, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE H – LONG-TERM LIABILITIES (Continued)

2012 Lease Revenue Bonds

The City's Financing Authority authorized the issuance of \$2,222,000 of its 2012 Lease Revenue Bonds to provide funds for refunding of the City's 2002 Lease Revenue Bonds. The Authority and the City entered into a site lease and lease-back arrangement wherein the City, in substance, acquired ownership of the facilities and is responsible for making payments in amount sufficient to pay debt service on the revenue bonds. The lease receivable and payable between the City and the City's Financing Authority have been eliminated from the accompanying financial statements. The bonds bear interest at 2.95%, and interest is payable each June 1 and December 1, ranging from \$2,050 to \$26,432. Principal is due each June 1 and December 1, through 2021, ranging from \$116,000 to \$139,000.

Capital Lease – City Hall Facility

In fiscal year 2007, the City and its Financing Authority entered into a lease purchase arrangement for \$6,695,000 to provide financing for the acquisition, construction, and improvement of facilities to be used as a City Hall. The terms of the lease require annual principal payments of \$215,000 to \$455,000 and semi-annual interest payments of \$10,329 to \$130,752 through May 1, 2032, which includes interest at 4.54%. The cost of the asset is \$6,804,789 and accumulated depreciation is \$1,814,608 at June 30, 2015.

Capital Lease – Broadway Properties

In July 2008, the City entered into a lease purchase financing for \$1,075,000 to purchase property adjacent to City Hall. The primary purpose was to provide access to City Hall from Napa Junction Road and it also provides additional parking and is available for future civic purposes. The terms of the lease requires semi-annual payments of \$67,340 through August 22, 2018, which includes interest at 4.57%. The cost of the asset is \$1,085,590.

Cost Reimbursement Payable

The City entered into a costs sharing agreement with a property owner for the construction of a traffic light and improvements at an intersection. The property owner constructed the street light at a cost of \$1,617,255 and the City has agreed to reimburse the property owner for 75.85% of the cost, or \$1,226,688. The City reimbursed the property owner \$179,796 in 2013. The remaining amount will be paid over a period of 15 years, but terms of the repayment have not yet been finalized. As a result, the current portion or scheduled maturities could not be determined.

State of California Davis – Grunsky Loan

The City obtained a loan in an original amount of \$2,050,000 from the State of California Department of Water Resources under the Davis-Grunsky Act for the purpose of financing water system improvements. Interest payments are due each July 1 and January 1 through January 1, 2027, ranging from \$3,004 to \$11,773. Principal payments are due each January 1, through 2027, ranging from \$59,210 to \$132,835. The loan bears interest at 2.5% and the loan is secured by a pledge to levy taxes or assessments in amounts sufficient to pay debt service. The City makes repayments from its water enterprise fund from available resources.

CITY OF AMERICAN CANYON, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE H – LONG-TERM LIABILITIES (Continued)

State of California Revolving Fund Loan

The City obtained a \$10,859,470 loan from the State of California Department of Water Resources under the State Revolving Loan Program for the purpose of obtaining financing to construct the City's wastewater treatment plant. The loan bears interest at 2.7% and is secured by a pledge of the City to maintain dedicated sources of revenue sufficient in amounts to provide for repayment of the loan. Principal and interest on the loan is payable in annual installments of \$741,881 due each July 15 through 2022.

City of Vallejo Note Payable

In fiscal year 2011, the City exercised an option to purchase additional water rights capacity from the City of Vallejo. The option price was \$2,783,655 for an additional 1.15 MGD of water. The City has agreed to pay for this additional water capacity over four fiscal years. The arrangement provides for semi-annual payments of \$385,478 with interest at 6% per year through December 31, 2014.

City of Napa Note Payable

In fiscal year 2010, the City entered into a loan with the City of Napa to pay for participation in environmental analysis, planning, and design associated with the North Bay Aqueduct Alternate intake project and environmental analysis. The loan amount totals \$350,000 with a stated interest rate of 4%. Principal payments totaling \$50,000 and interest payments ranging from \$1,000 to \$5,000 are due semi-annually through September 20, 2015.

Capital Lease – Municipal Asset Management, Inc.

In December 2014, the City entered into a lease purchase arrangement for \$827,100 for the acquisition and installation of equipment. The terms of the lease require annual principal payments of \$177,570 through April 21, 2020, which includes interest at 2.41%. The cost of the asset is \$827,100. There was no accumulated depreciation at June 30, 2015.

Capital Lease – Municipal Asset Management, Inc.

In July 2014, the City entered into a lease purchase arrangement for \$314,188 to purchase sewer and storm drain equipment. The terms of the lease require annual payments of \$36,757 through June 17, 2024, which includes interest at 2.96%. The cost of the asset is \$439,188 and accumulated depreciation is \$26,560 at June 30, 2015.

CITY OF AMERICAN CANYON, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE H – LONG-TERM LIABILITIES (Continued)

Debt Service Requirements

Annual debt service requirements are shown below for all long-term debt:

For the Year Ending June 30	Governmental Activities				Business-type Activities	
	Outstanding Bonds		Capital Leases		Principal	Interest
	Principal	Interest	Principal	Interest		
2016	\$ 241,000	\$ 44,221	\$ 341,552	\$ 269,871	\$ 896,072	\$ 185,601
2017	249,000	37,037	356,856	254,353	868,411	163,099
2018	256,000	29,648	372,401	238,138	891,340	141,030
2019	262,000	22,051	320,858	221,218	914,878	118,380
2020	273,000	14,234	265,000	208,159	939,037	95,134
2021-2025	278,000	6,151	1,530,000	848,072	2,608,347	168,818
2026-2030			1,900,000	468,528	210,525	9,914
2030-2035			890,000	61,063		
Totals	\$ 1,559,000	\$ 153,342	\$ 5,976,667	\$ 2,569,402	\$ 7,328,610	\$ 881,976

The Water and Wastewater Funds have pledged a portion of their net revenue to repay \$2,050,000 for the State of California- Davis Grunsky loan and \$10,859,470 for the State of California Revolving Fund loan, respectively, to finance certain capital improvements. Total principal and interest remaining on the Water Fund loan through 2027 is \$1,132,912 and total principal and interest remaining on the Wastewater Fund loan through 2022 is \$6,676,929. For fiscal year 2014, the principal and interest paid by the Water and Wastewater funds for these loans was \$82,952 and \$741,881, respectively. The Water Fund had no net revenues in fiscal year 2015 and the Wastewater Fund had net revenue of \$1,636,437 in fiscal year 2015.

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds, which exceed related interest expenditures on the bonds, must be remitted to the Federal government on every fifth anniversary of each bond issuance. The City has evaluated its bond issuance and no arbitrage liability was recognized as of June 30, 2015.

Special Assessment Debt Without City Commitment

At June 30, 2015, the outstanding principal amount of bonded debt issued by special assessment districts in the City was as follows:

2013 Reassessment Revenue Bonds	\$ 5,529,600
2005 Infrastructure Revenue Bonds	15,225,000

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

CITY OF AMERICAN CANYON, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE I – NET POSITION AND FUND BALANCES

Net Position

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

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

Restricted net position: This category presents external restrictions imposed by creditors, grantors, contributors or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

Fund Balance

Governmental fund balances represent the net current assets of each fund. Net current assets generally represent a fund's cash and receivables, less its liabilities.

The City's fund balances are classified in accordance with Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires the City to classify its fund balances based on spending constraints imposed on the use of resources. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned, and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable fund balances are not expected to be converted to cash within the next operating cycle and are typically comprised of long-term receivables, land held for resale, deposits with others, prepaid items and advances to other funds.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council consisting of an ordinance or resolution. The City Council has authority to establish, modify, or rescind a fund balance commitment.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or management and may be changed at the discretion of the City Council or management.

Unassigned fund balance represents residual amounts that have not been restricted, committed, or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

CITY OF AMERICAN CANYON, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE I – NET POSITION AND FUND BALANCES (CONTINUED)

An individual governmental fund could include nonspendable resources and amounts that are restricted or unrestricted (committed, assigned, or unassigned) or any combination of those classifications. Restricted or unrestricted amounts are to be considered spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Committed, assigned, then unassigned amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

The City Council and Fire District Board has established a contingency reserve to pay expenditures caused by unforeseen emergencies or shortfalls caused by revenue declines, extraordinary opportunities to increase efficiency or add value and to eliminate any short-term borrowing for cash flow purposes. The City's General Fund and the Fire District contingency reserves will be increased by a minimum of 3% of the total salary of the General Fund or Fire District Operations Fund until it reaches 20% of the operating annual budget. The City's Catastrophic Reserve will be increased by a minimum of \$100,000 per year until it reaches \$2 million, and thereafter it will be increased by 3% or the annual CPI, whichever is greater. The Fire District's Catastrophic Reserve will be increased by a minimum of \$25,000 per year until it reaches \$500,000, and thereafter it will be increased by 3% or the annual CPI, whichever is greater. In addition, the Council and Board have established a Catastrophic Reserve to be used in the event of a disaster or to replace equipment and buildings damaged due to an unusual event or accident. Such circumstances are considered nonroutine.

The Economic Development Reserve was established at \$750,000 and will be increased by a minimum of 10% each year, if resources are available, until it reaches \$5 million.

The Fire District technology reserve will be increased by the greater of 3% or the annual CPI.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE I – NET POSITION AND FUND BALANCES (CONTINUED)

	General	Fire Operations	Affordable Housing	Storm Drainage	Civic Facilities Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances							
Nonspendables:							
Property held for resale	\$ 740,792		\$ 552,760				\$ 1,293,552
Advances to other funds	1,436,893						1,436,893
Loans receivable	20,001						20,001
Receivables and other assets	446,979	\$ 36,281					483,260
Total Nonspendables	2,644,665	36,281	552,760				3,233,706
Restricted:							
Public safety							
Fire District capital acquisition						\$ 1,093,899	1,093,899
Other						102,372	102,372
Public works							
Capital projects						4,519,220	4,519,220
La Vigne landscaping and lighting						1,784,958	1,784,958
Debt service						29,982	29,982
Community development			454,290				454,290
Planning and building						281,996	281,996
Other activities	75,883						75,883
Total Restricted	75,883		454,290		-	7,812,427	8,342,600
Committed:							
Contingency	400,000	847,000					1,247,000
Catastrophe	950,000	500,000					1,450,000
Traffic offenders fund	126,370						126,370
Total Committed	1,476,370	1,347,000					2,823,370
Assigned:							
Vehicle replacement	66,392						66,392
Economic development	220,000						220,000
Pavement repair	300,000						300,000
General plan update	191,026						191,026
Technology		100,000					100,000
Fire operations		2,715,904					2,715,904
	777,418	2,815,904					3,593,322
Unassigned:	6,107,104			\$(691,502)	(1,222,197)	(694,115)	3,499,290
Total Fund Balance	\$11,081,440	\$4,199,185	\$1,007,050	\$(691,502)	\$(1,222,197)	\$7,118,312	\$ 21,492,288

Fund Equity Deficits

The Storm Drain, Civic Facilities Capital Project, Park Improvement, CDBG Loan Development and State and Federal Grant-City Funds had deficit fund balances of \$691,502, \$1,222,197, \$112,885, \$148,110 and \$433,120, respectively, at June 30, 2015. These deficits are expected to be covered by future grants or fees in these funds.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE J – DEFERRED COMPENSATION PLAN

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

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

NOTE K – PENSION PLAN

Plan Descriptions: All qualified permanent and probationary employees are eligible to participate in the City's cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). The City has the following cost-sharing Plans:

- City Miscellaneous Plan
- City PEPRA Miscellaneous Plan
- Fire Protection Miscellaneous Plan
- Safety Fire First Tier Plan
- Safety Fire Second Tier Plan
- Safety Fire PEPRA Plan

Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the 1959 Survivor Benefit level 4, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

CITY OF AMERICAN CANYON, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE K – PENSION PLAN (Continued)

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

	City	City	
	Miscellaneous	PEPRA	
	Prior to	On or after	
Hire date	January 1, 2013	January 1, 2013	
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62	
Benefit vesting schedule	5 years service	5 years service	
Benefit payments	monthly for life	monthly for life	
Retirement age	50 - 63	52 - 67	
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%	
Required employee contribution rates	7.00%	6.50%	
Required employer contribution rates	15.784%	6.70%	
	Fire Protection	Safety Fire	Safety Fire
	Miscellaneous	First Tier	Second Tier
	Prior to	January 1, 1965 to	On or after
	January 1, 2013	May 5, 2010	May 5, 2010
Benefit formula (at full retirement)	3.0% @ 60	3.0% @ 50	3.0% @ 55
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 60	50 - 55	50 - 55
Monthly benefits, as a % of eligible compensation	2.00% to 3.00%	3.00%	2.40% to 3.00%
Required employee contribution rates	8.00%	9.00%	9.00%
Required employer contribution rates	0.000%	36.891%	22.250%

All Plans except the PEPRA plans are closed to new members that are not already CalPERS participants.

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE K – PENSION PLAN (Continued)

For the year ended June 30, 2015, the contributions paid to each Plan were as follows:

	<u>City Miscellaneous</u>	<u>City PEPRA Miscellaneous</u>	<u>Fire Protection Miscellaneous</u>	<u>Safety Fire First Tier</u>	<u>Safety Fire Second Tier</u>
Contributions - employer	\$ 767,028	\$ 24,637	\$ -	\$ 514,635	\$ 12,229
Contributions - employee	340,169	23,901	-	125,551	4,947

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:
As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
City Miscellaneous Plan	\$ 5,165,891
PEPRA Miscellaneous Plan	928
Fire Protection Miscellaneous Plan	72,565
Safety Fire First Tier Plan	4,493,860
Safety Fire Second Tier Plan	6,631
Total Net Pension Liability	<u>\$ 9,739,875</u>

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	<u>City Miscellaneous</u>	<u>City PEPRA Miscellaneous</u>	<u>Fire Protection Miscellaneous</u>	<u>Safety Fire First Tier</u>	<u>Safety Fire Second Tier</u>
Proportion - June 30, 2013	0.19537%	0.00004%	0.00263%	0.11747%	0.00018%
Proportion - June 30, 2014	0.20902%	0.00004%	0.00294%	0.11981%	0.00018%
Change - Increase (Decrease)	0.01365%	0.00000%	0.00031%	0.00234%	0.00000%

CITY OF AMERICAN CANYON, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE K – PENSION PLAN (Continued)

For the year ended June 30, 2015, the City recognized pension expense of \$1,557,079 for all Plans combined. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,225,650	
Differences between actual and expected experience		
Changes in assumptions		
Change in employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions	271,379	\$ (160,685)
Net differences between projected and actual earnings on plan investments		(2,317,173)
Total	\$ 1,497,029	\$ (2,477,858)

The \$1,225,650 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	\$ 539,759
2017	539,759
2018	547,667
2019	579,294
Thereafter	\$ 2,206,479

CITY OF AMERICAN CANYON, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE K – PENSION PLAN (Continued)

Actuarial Assumptions: The total pension liabilities in the June 30, 2013 actuarial valuations for each of the Plans were determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
 Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation

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

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

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE K – PENSION PLAN (Continued)

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100.0%		

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

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE K – PENSION PLAN (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the City’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>City Miscellaneous</u>	<u>City PEPRA Miscellaneous</u>	<u>Fire Protection Miscellaneous</u>	<u>Safety Fire First Tier</u>	<u>Safety Fire Second Tier</u>
1% Decrease	6.50%	6.50%	6.50%	6.50%	6.50%
Net Pension Liability	\$ 8,194,984	\$ 1,654	\$ 109,225	\$ 7,209,411	\$ 11,411
Current Discount Rate	7.50%	7.50%	7.50%	7.50%	7.50%
Net Pension Liability	\$ 5,165,890	\$ 928	\$ 72,565	\$ 4,493,860	\$ 6,631
1% Increase	8.50%	8.50%	8.50%	8.50%	8.50%
Net Pension Liability	\$ 2,652,029	\$ 326	\$ 42,116	\$ 2,256,363	\$ 2,693

Pension Plan Fiduciary Net Position: Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan: At June 30, 2015, the City did not have any contributions payable to the pension plans required for the year ended June 30, 2015.

NOTE L – OTHER POSTEMPLOYMENT BENEFITS

The City and Fire District joined the California Employers’ Retiree Benefit Trust (CERBT), an agent multiple-employer plan administered by CALPERS, consisting of an aggregation of single-employer plans. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees’ Retirement System, CERBT, P.O. Box 942703, Sacramento, CA 94229-2703.

Retiree Medical Benefits

Eligibility for retiree health benefits is based on an employee’s age and number of years of service with all CalPERS agencies at retirement. Retirees must be in receipt of pension payment from CalPERS and meet the following provisions:

- Nondisabled retirement from full-time active status with at least age 50 and five years of service.
- Disabled retirement from active full-time service at any age with at least five years of service.

City employees/retirees receive medical benefits offered through CalPERS. Upon retirement, the City subsidy is limited to 100% of the lowest cost option available in the area (currently the PERS Select plan) for retirees and their covered dependents. Retirees can choose higher cost plan options but they are responsible for any premiums in excess of the applicable lowest cost plan’s rate.

CITY OF AMERICAN CANYON, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE L – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Covered dependents of eligible retirees include spouses, domestic partners, and children under age 26 and never married (or any age if handicapped, subject to CalPERS approval). Surviving spouses of deceased retirees are covered for life on the same basis as when the retiree was alive. There are no benefits for surviving spouses or dependent children of actives beyond COBRA continuation.

City of American Canyon's Plan

To qualify for postemployment medical benefits, an employee must be eligible for and retire from the City. At the present time, retirees receive the same level of medical benefits as offered to active employees. Prior to January 1, 2011, the benefit amount was equal to the PERS Select Plan through CalPERS Health. The City does not provide dental benefits to retirees.

Funding Policy and Actuarial Assumptions: The annual required contribution (ARC) was determined as part of a June 30, 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.35% investment rate of return, (b) 3.00% projected annual salary increase and general inflation rate, and (c) health care cost trend rate of 5% for medical. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The actuarial value of assets is based upon the balance in the CERBT Trust. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 26 year amortization period on a closed basis and is generally liquidated by the City's General, Internal Service, Water and Wastewater Funds.

Concurrent with implementing Statement No. 45, the City Council passed a resolution to prefund the other post-employment benefits by transferring \$900,000 to the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administered by CalPERS, and is managed by an appointed board not under the control of the City Council. This Trust is not considered a component unit by the City and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE L – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Progress and Funded Status: Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2015, the City contributed \$65,100 to the Plan, and funded pay-as-you-go premiums of \$190,216. As a result, the City has calculated and recorded the Net OPEB Asset on the Statement of Net Position, representing the difference between the ARC, amortization and contributions, as presented below:

Net OPEB obligation at June 30, 2014	\$ 230,579
Annual required contribution (ARC)	469,800
Interest on net OPEB asset	(3,300)
Adjustment to annual required contribution	<u>3,000</u>
Annual OPEB cost	469,500
Contributions:	
Contributions to CERBT	65,100
City's portion of current year premiums paid	<u>190,216</u>
Total Contributions	<u>255,316</u>
Increase in net OPEB obligation	<u>214,184</u>
Net OPEB obligation at June 30, 2015	<u>\$ 444,763</u>

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated June 30, 2013, amounted to \$6,391,100. The AAL is partially funded since assets have been transferred into CERBT.

The Plan's annual required contributions and actual contributions for the last three fiscal years are set forth below:

Fiscal Year	Annual Required OPEB Cost (AOC)	Annual Contribution	Percentage of APC Contributed	Net OPEB (Asset) Obligation
06/30/13	\$ 490,600	\$ 181,119	37%	\$ (44,044)
06/30/14	492,600	217,977	44%	230,579
06/30/15	469,500	255,316	54%	444,763

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies is presented as required supplementary information.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE L – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress: The funded status of the Plan as of June 30, 2013, the Plan’s most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 6,391,100
Actuarial value of Plan assets	<u>2,250,200</u>
Unfunded actuarial accrued liability (UAAL)	4,140,900
Funded ratio (actuarial value of Plan assets/ALL)	35.21%
Covered payroll (active Plan participants)	\$ 5,438,700
UAAL as a percentage of covered payroll	76.14%

Fire District’s Plan

To qualify for postemployment medical and dental benefits, an employee must be eligible and retire from the Fire District and maintain enrollment in one of the District’s eligible health plans. In addition there are eligibility rules and contribution requirements defined in the Memorandum of Understanding (MOU) including a healthcare vesting program that was implemented in fiscal year 2009-10 which is required for all new District employees and optional for others. For employees not enrolled in the vesting program, the District pays up to the Kaiser Bay Area medical premium rate.

Funding Policy and Actuarial Assumptions: The annual required contribution (ARC) was determined as part of a July 1, 2015 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.35% investment rate of return, (b) 3.25% projected annual salary increase, (c) 3.00% general inflation rate and (d) health care cost trend rates are 4.5% to 8.5% for medical premiums. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The District’s OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period on a closed basis and is generally liquidated by the Fire District operations Fund.

Concurrent with implementing Statement No. 45, the District’s Board passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administered by CalPERS, and is managed by an appointed board not under the control of Association Board. This Trust is not considered a component unit by the Association and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE L – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Progress and Funded Status: Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2015, the District contributed \$162,776 to the Plan, and funded pay-as-you-go premiums of \$167,162. As a result, the District has calculated and recorded the Net OPEB Liability on the Statement of Net Position, representing the difference between the ARC, amortization and contributions, as presented below:

Net OPEB obligation at June 30, 2014	\$ 178,056
Annual required contribution (ARC)	348,419
Interest on net OPEB asset	13,087
Adjustment to annual required contribution	<u>(11,732)</u>
Annual OPEB cost	349,774
Contributions:	
Contributions to CERBT	162,776
City's portion of current year premiums paid	<u>167,162</u>
Total Contributions	<u>329,938</u>
Decrease in net OPEB obligation	<u>19,836</u>
Net OPEB obligation at June 30, 2015	<u><u>\$ 197,892</u></u>

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated July 1, 2013, amounted to \$3,886,253. The AAL is partially funded since assets have been transferred into CERBT.

The Plan's annual required contributions and actual contributions for the last three fiscal years are set forth below:

Fiscal Year	Annual Required OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation
06/30/13	\$ 284,888	\$ 288,108	101%	\$ 176,418
06/30/14	293,859	292,221	99%	178,056
06/30/15	349,774	329,938	94%	197,892

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies is presented as required supplementary information.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE L – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress: The funded status of the Plan as of July 1, 2013, the Plan’s most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 3,886,253
Actuarial value of Plan assets	845,995
Unfunded actuarial accrued liability (UAAL)	<u>3,040,258</u>
Funded ratio (actuarial value of Plan assets/ALL)	22.00%
Covered payroll (active Plan participants)	\$ 2,769,422
UAAL as a percentage of covered payroll	109.78%

NOTE M – RISK MANAGEMENT

Coverages

The City is a member of the Association of Bay Area Governments (ABAG), which provides general and auto liability coverage of \$5,000,000 above the City's deductible of \$25,000 per occurrence. ABAG has excess liability coverage for an additional \$10,000,000 for a total coverage of \$15,000,000. ABAG is governed by a board consisting of representatives from member municipalities. The board controls the operations of ABAG, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the Board.

Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating. During the fiscal year ended June 30, 2015, the City contributed \$244,344 for current year coverage.

Audited financial statements may be obtained from ABAG Services, P.O. Box 2050, Oakland, CA 94604- 2050.

The City is also covered by the Plan’s Employee Dishonesty coverage up to \$1,000,000. Workers compensation insurance is provided by the State Compensation Insurance Fund with coverage up to \$1,000,000 per claim; and the City has no deductible for such claims. Effective July 1, 2012, workers compensation insurance is being provided by ABAG. Insurance transactions are accounted for in the City’s General Fund.

The component unit Fire Protection District of the City obtains general liability insurance through its membership in the ABAG. The District transfers the risk of loss to the Authority and is covered by the Authority up to \$15,000,000 per occurrence with an aggregate limit of \$15,000,000. The Authority also provides property coverage with a deductible of \$25,000 with a limit of \$15,000,000. The Fire Association Self Insurance System, a risk sharing pool, provides workers compensation insurance coverage for the Fire District. The System is self-insured for the first \$500,000 of each claim and purchases commercial insurance excess coverage up to \$5,000,000 per claim. The District has no deductible for works compensation insurance.

CITY OF AMERICAN CANYON, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE M – RISK MANAGEMENT (Continued)

Liability for Uninsured Claims

The City’s liability for uninsured claims, including estimated claims incurred but not reported, was estimated by management based on prior years claims experience and was computed as follows as of June 30:

	<u>Year Ended</u> <u>June 30, 2015</u>	<u>Year Ended</u> <u>June 30, 2014</u>	<u>Year Ended</u> <u>June 30, 2013</u>
Unpaid claims, beginning of fiscal year	\$ 139,295	\$ 157,773	\$ 159,541
Incurred claims (including IBNRs)	523,195	331,085	134,720
Claim payments	<u>(249,169)</u>	<u>(349,563)</u>	<u>(136,488)</u>
Unpaid claims, end of fiscal year	<u>\$ 413,321</u>	<u>\$ 139,295</u>	<u>\$ 157,773</u>

The City has had no settlements that exceeded insurance coverage in the last three fiscal years, and no changes in insurance coverage have accrued from the prior year.

The liability for uninsured claims is typically liquidated by the Fire District Operations Fund.

NOTE N – OTHER COMMITMENTS AND CONTINGENT LIABILITIES

The City participates in a number of federal and state grant programs subject to financial and compliance audits by the grantors or their representatives. Audits of certain grant programs, including those for the year ended June 30, 2015, have yet to be conducted. The amount, if any, of expenditures that may be disallowed by the granting agencies cannot be determined at this time. Management believes that such disallowances, if any, would not have a material effect on the financial statements.

The City is a defendant in a number of lawsuits that have arisen in the normal course of business, the outcome of which cannot be predicted with certainty. In the opinion of the City Attorney, these actions when finally adjudicated will not have a material adverse effect on the financial position of the City.

The City has an agreement with the Napa County Flood Control and Water Conservation District (Napa Flood) to acquire water from the California State Water Project through the year 2035. Each year, the State determines the capital and operating costs associated with Napa Flood’s share of the North Bay Aqueduct as well a charge dependent on water deliveries. The City’s share of these costs is approximately 18%. The City is obligated to pay the capital component even if does not receive water. The amount paid under this contract in fiscal year 2015 was \$2.0 million, of which \$600,000 was related to the capital component. A similar payment will be required each year through 2035.

CITY OF AMERICAN CANYON, CALIFORNIA
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2015

NOTE O – CHANGES IN ACCOUNTING PRINCIPLES

During the year ended June 30, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. These Statements required the City to recognize in its accrual basis financial statements the net pension liability, deferred outflows of resources and deferred inflows of resources for the City’s pension plans. These Statements also required contributions made after the June 30, 2014 measurement date used in the actuarial valuations for the pension plans to be reported as deferred outflows of resources.

Due to the implementation of these Statements, the balances previously reported as of July 1, 2014 changed as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Internal Service Fund</u>
Changes in Captions due to new Standards - Increase (Decrease):					
Deferred Outflows of Resources	<u>\$ 965,535</u>	<u>\$ 227,424</u>	<u>\$ 95,452</u>	<u>\$ 131,972</u>	<u>\$ 24,788</u>
Total Liabilities	<u>\$ 9,807,564</u>	<u>\$ 2,310,091</u>	<u>\$ 969,571</u>	<u>\$ 1,340,520</u>	<u>\$ 251,785</u>
Net Position	<u>\$ 8,842,030</u>	<u>\$ 2,082,667</u>	<u>\$ 874,118</u>	<u>\$ 1,208,549</u>	<u>\$ 226,998</u>

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AMERICAN CANYON, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY - CITY MISCELLANEOUS PLAN (UNAUDITED)
 Last 10 Years**

	June 30, 2015
Proportion of the net pension liability	0.08302%
Proportionate share of the net pension liability	\$ 5,165,890
Covered - employee payroll	\$ 4,973,172
Proportionate share of the net pension liability as a percentage of covered payroll	103.88%
Plan fiduciary net position as a percentage of the total pension liability	77.38%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: None.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - CITY MISCELLANEOUS PLAN (UNAUDITED)
 Last 10 Years**

	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 723,152
Contributions in relation to the actuarially determined contributions	(723,152)
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 4,973,172
Contributions as a percentage of covered - employee payroll	14.54%

Notes to Schedule:

Valuation date: June 30, 2012

Methods and assumptions used to determine contribution rates:

Single Employers Example	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	3.0%, average, including inflation of 2.75%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	50 years

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015; therefore only one year is presented.

CITY OF AMERICAN CANYON, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY - CITY PEPRA MISCELLANEOUS PLAN (UNAUDITED)
 Last 10 Years**

	June 30, 2015
Proportion of the net pension liability	0.00001%
Proportionate share of the net pension liability	\$ 928
Covered - employee payroll	\$ 89,402
Proportionate share of the net pension liability as a percentage of covered payroll	1.04%
Plan fiduciary net position as a percentage of the total pension liability	83.04%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: None.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN -
 CITY PEPRA MISCELLANEOUS PLAN (UNAUDITED)
 Last 10 Years**

	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 14,782
Contributions in relation to the actuarially determined contributions	(14,782)
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 89,402
Contributions as a percentage of covered - employee payroll	16.53%

Notes to Schedule:

Valuation date: June 30, 2012

Methods and assumptions used to determine contribution rates:

Single Employers Example	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	3.0%, average, including inflation of 2.75%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	50 years

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015; therefore only one year is presented.

CITY OF AMERICAN CANYON, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY - FIRE PROTECTION MISCELLANEOUS PLAN (UNAUDITED)
 Last 10 Years**

	June 30, 2015
Proportion of the net pension liability	0.00117%
Proportionate share of the net pension liability	\$ 72,565
Covered - employee payroll	N/A
Proportionate share of the net pension liability as a percentage of covered payroll	N/A
Plan fiduciary net position as a percentage of the total pension liability	73.76%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: None.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN -
 FIRE PROTECTION MISCELLANEOUS PLAN (UNAUDITED)
 Last 10 Years**

	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 5,443
Contributions in relation to the actuarially determined contributions	(5,443)
Contribution deficiency (excess)	\$ -
Covered - employee payroll	
Contributions as a percentage of covered - employee payroll	

Notes to Schedule:

Valuation date: June 30, 2012

Methods and assumptions used to determine contribution rates:

Single Employers Example	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	3.0%, average, including inflation of 2.75%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	50 years

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015; therefore only one year is presented.

CITY OF AMERICAN CANYON, CALIFORNIA
 REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY - SAFETY FIRE FIRST TIER PLAN (UNAUDITED)
 Last 10 Years**

	June 30, 2015
Proportion of the net pension liability	0.07222%
Proportionate share of the net pension liability	\$ 4,493,860
Covered - employee payroll	\$ 1,566,894
Proportionate share of the net pension liability as a percentage of covered payroll	286.80%
Plan fiduciary net position as a percentage of the total pension liability	77.83%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: None.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN -
 SAFETY FIRE FIRST TIER PLAN (UNAUDITED)
 Last 10 Years**

	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 540,025
Contributions in relation to the actuarially determined contributions	(540,025)
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 1,566,894
Contributions as a percentage of covered - employee payroll	34.46%

Notes to Schedule:

Valuation date: June 30, 2012

Methods and assumptions used to determine contribution rates:

Single Employers Example	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	3.0%, average, including inflation of 2.75%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	50 years

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015; therefore only one year is presented.

CITY OF AMERICAN CANYON, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2015

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - SAFETY FIRE SECOND TIER PLAN (UNAUDITED)
Last 10 Years**

	June 30, 2015
Proportion of the net pension liability	0.00011%
Proportionate share of the net pension liability	\$ 6,631
Covered - employee payroll	\$ 39,483
Proportionate share of the net pension liability as a percentage of covered payroll	16.79%
Plan fiduciary net position as a percentage of the total pension liability	81.42%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: None.

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN -
SAFETY FIRE SECOND TIER PLAN (UNAUDITED)
Last 10 Years**

	June 30, 2015
Contractually required contribution (actuarially determined)	\$ 9,045
Contributions in relation to the actuarially determined contributions	(9,045)
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 39,483
Contributions as a percentage of covered - employee payroll	22.91%

Notes to Schedule:

Valuation date: June 30, 2012

Methods and assumptions used to determine contribution rates:

Single Employers Example	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	3.0%, average, including inflation of 2.75%
Investment rate of return	7.50%, net of pension plan investment expense, including inflation
Retirement age	50 years

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015; therefore only one year is presented.

CITY OF AMERICAN CANYON, CALIFORNIA

SCHEDULE OF FUNDING PROGRESS OF THE EMPLOYEE
OTHER POSTEMPLOYMENT BENEFITS PLAN (UNAUDITED)

June 30, 2015

City of American Canyon Plan

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2010	\$ 1,323,200	\$ 5,429,600	\$ 4,106,400	24.37%	\$ 5,592,900	73.42%
6/30/2011	1,743,300	6,357,600	4,614,300	27.42%	5,036,100	91.62%
6/30/2013	2,250,200	6,391,100	4,140,900	35.21%	5,438,700	76.14%

American Canyon Fire Protection District's Plan

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/2010	\$ 197,531	\$2,636,360	\$ 2,438,829	7.49%	\$1,732,102	140.80%
7/1/2011	443,883	2,960,920	2,517,037	14.99%	1,799,162	139.90%
7/1/2013	845,495	3,886,253	3,040,258	22.00%	2,769,422	109.78%

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*Optional Supplemental
Information Section*

**BUDGETARY COMPARISONS, OTHER THAN
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS**

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Affordable Housing Capital Projects
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Investment earnings	\$ 1,500	\$ 1,500	\$ 1,320	\$ (180)
TOTAL REVENUES	<u>1,500</u>	<u>1,500</u>	<u>1,320</u>	<u>(180)</u>
EXPENDITURES				
Current:				
Community development	114,563	116,182	101,297	14,885
TOTAL EXPENDITURES	<u>114,563</u>	<u>116,182</u>	<u>101,297</u>	<u>14,885</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(113,063)</u>	<u>(114,682)</u>	<u>(99,977)</u>	<u>14,705</u>
NET CHANGE IN FUND BALANCES	(113,063)	(114,682)	(99,730)	14,952
Fund balances, beginning of year	<u>1,106,780</u>	<u>1,106,780</u>	<u>1,106,780</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 993,717</u>	<u>\$ 992,098</u>	<u>\$ 1,007,050</u>	<u>\$ 14,952</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Civic Facilities Capital Projects
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Charges for services	\$ 147,507	\$ 147,507	\$ 130,730	\$ (16,777)
Investment earnings	100	100	339	239
TOTAL REVENUES	<u>147,607</u>	<u>147,607</u>	<u>131,069</u>	<u>(16,538)</u>
EXPENDITURES				
Debt service:				
Principal	122,563	122,563		122,563
Interest and other charges	42,151	42,151	36,875	5,276
TOTAL EXPENDITURES	<u>164,714</u>	<u>164,714</u>	<u>36,875</u>	<u>127,839</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>(17,107)</u>	<u>(17,107)</u>	<u>94,194</u>	<u>111,301</u>
NET CHANGE IN FUND BALANCES	(17,107)	(17,107)	94,194	111,301
Fund balances, beginning of year	<u>(1,316,391)</u>	<u>(1,316,391)</u>	<u>(1,316,391)</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ (1,333,498)</u>	<u>\$ (1,333,498)</u>	<u>\$ (1,222,197)</u>	<u>\$ 111,301</u>

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NON-MAJOR GOVERNMENTAL FUNDS

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Gas Tax – accounts for proceeds and expenditures of gas tax revenue received under the California Streets and Highways Code.

CDBG Loan Development – accounts for housing rehabilitation made with Federal Community Development Grant monies.

State Supplemental Law Enforcement – accounts for revenue granted from the state General Fund for Citizen Option for Public Safety (COPS) program to provide supplemental public safety services for front line law enforcement including anti-gang, community crime prevention and juvenile justice programs.

La Vigne Landscape and Lighting – accounts for maintenance expenses of the three District zones which are paid for through property tax assessments placed on owners annual tax bills.

La Vigne Open Space – accounts for the costs to maintain open space at the La Vigne Open Space.

Newell Park Open Space – accounts for the costs to maintain open space at the Newell Open Space.

Abandoned Vehicle – accounts for the funds used to abate abandoned vehicles.

State and Federal Grants-Fire – accounts for State and Federal Grants.

State and Federal Grants – City – The State and Federal Grants – City Special Revenue Fund accounts for grant funds received for improvements to various bus stop, curb ramps, bicycle path / trail from Chaucer Lane to existing trail, State Water Resources Control Board for recycled water projects, Urban Open Space and Recreation Program under the Safe Neighborhood Parks, Clean Water, Clean Air, Coastal Protection Bond Act of 2000.

Zero Water Footprint – accounts for mitigation monies collected to offset new water and sewer demands associated with development projects.

CAPITAL PROJECTS FUNDS

Fire Mitigation – accounts for a special voter approved new development tax for the purchase of the fire apparatus and facilities.

Park Improvement – accounts for impact fees collected by new development to be used for adding new parks, park improvements, and recreation facilities.

Traffic Impact – accounts for impact fees collected by new development to be used for street improvements.

Infrastructure – accounts for bond proceeds restricted for street and road modernization projects.

City Capital Projects Fund – accounts for major capital projects funded by various City sources.

DEBT SERVICE FUNDS

Lease Revenue Bonds – issued to finance the acquisition and construction of a Community Center/Gymnasium facility and Aquatic Center Facility.

Cabernet Village Lease – accounts for debt service on lease financing for the purchase of the commercial office building at 4381 Broadway Street which was converted to a new City Hall facility.

Broadway Property Lease – accounts for debt service on lease financing for the purchase of property just north of the new city hall facility.

CITY OF AMERICAN CANYON
Combining Balance Sheet
Other Governmental Funds
June 30, 2015

	SPECIAL REVENUE FUNDS				
	Gas Tax	CDBG Loan Development	State Supplemental Law Enforcement	La Vigne Landscape and Lighting	La Vigne Open Space
ASSETS					
Cash and investments	\$ 191,130		\$ 11,215	\$ 1,815,115	\$ 176,746
Restricted cash					
Taxes receivable				4,910	
Accounts receivable, net					
Interest receivable	166	\$ (85)	6	1,204	124
Due from other governments		99,519	6,889		
Loans receivable		967,943			
TOTAL ASSETS	\$ 191,296	\$ 1,067,377	\$ 18,110	\$ 1,821,229	\$ 176,870
 LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable		\$ 17,180		\$ 36,271	\$ 634
Accrued expenses					
Unearned revenue					
Due to other funds		141,881			
Advances from other funds					
TOTAL LIABILITIES	-	159,061	-	36,271	634
 DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue		1,056,426			
TOTAL DEFERRED INFLOWS OF RESOURCES		1,056,426			
 Fund balances:					
Restricted for:					
Public safety			\$ 18,110		
Public works	\$ 191,296			1,784,958	
Debt service					
Other activities					176,236
Unassigned		(148,110)			
TOTAL FUND BALANCES	191,296	(148,110)	18,110	1,784,958	176,236
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 191,296	\$ 1,067,377	\$ 18,110	\$ 1,821,229	\$ 176,870

SPECIAL REVENUE FUNDS

Newell Park Open Space	Abandoned Vehicle	State and Federal Grants - Fire	State and Federal Grants - City Funds	Zero Water Footprint	Total Other Government Special Revenue
\$ 75,106	\$ 78,317	\$ 5,891		\$ 31,276	\$ 2,384,796
					-
					4,910
					-
53	54			20	1,542
			\$ 493,611		600,019
					967,943
<u>\$ 75,159</u>	<u>\$ 78,371</u>	<u>\$ 5,891</u>	<u>\$ 493,611</u>	<u>\$ 31,296</u>	<u>\$ 3,959,210</u>
				\$ 695	\$ 54,780
					-
			\$ 493,611		-
					635,492
					-
<u>-</u>	<u>-</u>	<u>-</u>	<u>493,611</u>	<u>695</u>	<u>690,272</u>
			433,120		1,489,546
			433,120		1,489,546
	\$ 78,371	\$ 5,891			102,372
					1,976,254
					-
\$ 75,159				30,601	281,996
			(433,120)		(581,230)
<u>75,159</u>	<u>78,371</u>	<u>5,891</u>	<u>(433,120)</u>	<u>30,601</u>	<u>1,779,392</u>
<u>\$ 75,159</u>	<u>\$ 78,371</u>	<u>\$ 5,891</u>	<u>\$ 493,611</u>	<u>\$ 31,296</u>	<u>\$ 3,959,210</u>

Continued

CITY OF AMERICAN CANYON
Combining Balance Sheet
Other Governmental Funds
June 30, 2015

CAPITAL PROJECTS FUNDS

	Fire Mitigation	Park Improvement	Traffic Impact	Infrastructure	Capital City Projects
ASSETS					
Cash and investments	\$ 1,093,307		\$ 3,295,646		\$ 549,120
Restricted cash				\$ 1,700,000	
Taxes receivable					
Accounts receivable, net	305				
Interest receivable	287	\$ (69)	1,931	(13)	
Due from other governments					
Loans receivable					
TOTAL ASSETS	\$ 1,093,899	\$ (69)	\$ 3,297,577	\$ 1,699,987	\$ 549,120
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable			\$ 734,897	\$ 14,893	\$ 401,310
Accrued expenses					23,513
Unearned revenue					
Due to other funds		\$ 112,816		44,147	
Advances from other funds					
TOTAL LIABILITIES	-	112,816	734,897	59,040	424,823
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
TOTAL DEFERRED INFLOWS OF RESOURCES					
Fund balances:					
Restricted for:					
Public safety	\$ 1,093,899				
Public works			2,562,680	1,640,947	124,297
Debt service					
Other activities					
Unassigned		(112,885)			
TOTAL FUND BALANCES	1,093,899	(112,885)	2,562,680	1,640,947	124,297
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 1,093,899	\$ (69)	\$ 3,297,577	\$ 1,699,987	\$ 549,120

DEBT SERVICE FUNDS

Total Other Governmental Capital Projects	Lease Revenue Bonds	Cabernet Village Lease	Broadway Property Lease	Total Other Governmental Debt Service	Total Other Governmental Funds
\$ 4,938,073	\$ 25,065	\$ 4,180	\$ 666	\$ 29,911	\$ 7,352,780
1,700,000				-	1,700,000
-				-	4,910
305				-	305
2,136	68	3		71	3,749
-				-	600,019
-				-	967,943
\$ 6,640,514	\$ 25,133	\$ 4,183	\$ 666	\$ 29,982	\$ 10,629,706
\$ 1,151,100					\$ 1,205,880
23,513					23,513
-					-
156,963					792,455
-					-
1,331,576	-	-	-	-	2,021,848
-					1,489,546
-				-	1,489,546
1,093,899					1,196,271
4,327,924					6,304,178
-	\$ 25,133	\$ 4,183	\$ 666	\$ 29,982	29,982
-				-	281,996
(112,885)				-	(694,115)
5,308,938	25,133	4,183	666	29,982	7,118,312
\$ 6,640,514	\$ 25,133	\$ 4,183	\$ 666	\$ 29,982	\$ 10,629,706

CITY OF AMERICAN CANYON
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2015

SPECIAL REVENUE FUNDS					
	Gas Tax	CDBG Loan Development	State Supplemental Law Enforcement	La Vigne Landscape and Lighting	La Vigne Open Space
REVENUES					
Special assessments				\$ 470,689	
Intergovernmental	\$ 494,332	\$ 34,253	\$ 115,084		
Charges for services					
Use of money and property	525	(8)	11	4,342	\$ 451
Other		4,284			
TOTAL REVENUES	<u>494,857</u>	<u>38,529</u>	<u>115,095</u>	<u>475,031</u>	<u>451</u>
EXPENDITURES					
Current:					
Public works	23,000			334,385	
Community development		248,862			
Parks and recreation					1,733
Debt Service					
Principal					
Interest and other charges					
Capital outlay					
TOTAL EXPENDITURES	<u>23,000</u>	<u>248,862</u>	<u>-</u>	<u>334,385</u>	<u>1,733</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	<u>471,857</u>	<u>(210,333)</u>	<u>115,095</u>	<u>140,646</u>	<u>(1,282)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out	(432,786)	(10,554)	(100,100)		
TOTAL OTHER FINANCING SOURCES AND USES	<u>(432,786)</u>	<u>(10,554)</u>	<u>(100,100)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES					
	39,071	(220,887)	14,995	140,646	(1,282)
Fund balances, beginning of year					
	152,225	72,777	3,115	1,644,312	177,518
FUND BALANCES, END OF YEAR					
	<u>\$ 191,296</u>	<u>\$ (148,110)</u>	<u>\$ 18,110</u>	<u>\$ 1,784,958</u>	<u>\$ 176,236</u>

SPECIAL REVENUE FUNDS

Newell Park Open Space	Abandoned Vehicle	State and Federal Grants - Fire	State and Federal Grants - City Funds	Zero Water Footprint	Total Other Government Special Revenue
	\$ 20,884		\$ 60,492		\$ 470,689
				\$ 31,250	725,045
\$ 9,921	193			46	31,250
					15,481
					4,284
<u>9,921</u>	<u>21,077</u>	<u>-</u>	<u>60,492</u>	<u>31,296</u>	<u>1,246,749</u>
				695	358,080
10,093					248,862
					11,826
					-
					-
					-
<u>10,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>695</u>	<u>618,768</u>
(172)	21,077	-	60,492	30,601	627,981
			28,747		28,747
	(15,987)		(409,797)		(969,224)
-	(15,987)	-	(381,050)	-	(940,477)
(172)	5,090	-	(320,558)	30,601	(312,496)
75,331	73,281	\$ 5,891	(112,562)		2,091,888
<u>\$ 75,159</u>	<u>\$ 78,371</u>	<u>\$ 5,891</u>	<u>\$ (433,120)</u>	<u>\$ 30,601</u>	<u>\$ 1,779,392</u>

Continued

CITY OF AMERICAN CANYON
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2015

CAPITAL PROJECTS FUNDS					
	Fire Mitigation	Park Improvement	Traffic Impact	Infrastructure	City Capital Projects
REVENUES					
Special assessments					
Intergovernmental					
Charges for services	\$ 401,335	\$ 5,273	\$ 1,249,818		
Use of money and property	1,975	(254)	5,984	\$ (47)	
Other					
TOTAL REVENUES	<u>403,310</u>	<u>5,019</u>	<u>1,255,802</u>	<u>(47)</u>	<u>-</u>
EXPENDITURES					
Current:					
Public works			740,504	775,371	\$ 102,056
Community development					
Parks and recreation		4,636			
Debt Service					
Principal					
Interest and other charges					
Capital outlay				43,565	1,016,308
TOTAL EXPENDITURES	<u>-</u>	<u>4,636</u>	<u>740,504</u>	<u>818,936</u>	<u>1,118,364</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>403,310</u>	<u>383</u>	<u>515,298</u>	<u>(818,983)</u>	<u>(1,118,364)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					1,117,906
Transfers out		(6,984)	(183,384)		(28,747)
TOTAL OTHER FINANCING SOURCES AND USES	<u>-</u>	<u>(6,984)</u>	<u>(183,384)</u>	<u>-</u>	<u>1,089,159</u>
NET CHANGE IN FUND BALANCES	403,310	(6,601)	331,914	(818,983)	(29,205)
Fund balances, beginning of year	<u>690,589</u>	<u>(106,284)</u>	<u>2,230,766</u>	<u>2,459,930</u>	<u>153,502</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,093,899</u>	<u>\$ (112,885)</u>	<u>\$ 2,562,680</u>	<u>\$ 1,640,947</u>	<u>\$ 124,297</u>

DEBT SERVICE FUNDS

Total Other Governmental Capital Projects	Lease Revenue Bonds	Cabernet Village Lease	Broadway Property Lease	Total Other Governmental Debt Service	Total Other Governmental Funds
					\$ 470,689
					725,045
\$ 1,656,426					1,687,676
7,658	\$ 159	\$ (6)	\$ (46)	\$ 107	23,246
-				-	4,284
<u>1,664,084</u>	<u>159</u>	<u>(6)</u>	<u>(46)</u>	<u>107</u>	<u>2,910,940</u>
1,617,931				-	1,976,011
-				-	248,862
4,636				-	16,462
-	233,000	215,000	111,479	559,479	559,479
-	51,298	261,504	23,201	336,003	336,003
1,059,873				-	1,059,873
<u>2,682,440</u>	<u>284,298</u>	<u>476,504</u>	<u>134,680</u>	<u>895,482</u>	<u>4,196,690</u>
(1,018,356)	(284,139)	(476,510)	(134,726)	(895,375)	(1,285,750)
1,117,906	283,531	476,504	134,680	894,715	2,041,368
(219,115)				-	(1,188,339)
898,791	283,531	476,504	134,680	894,715	853,029
(119,565)	(608)	(6)	(46)	(660)	(432,721)
5,428,503	25,741	4,189	712	30,642	7,551,033
<u>\$ 5,308,938</u>	<u>\$ 25,133</u>	<u>\$ 4,183</u>	<u>\$ 666</u>	<u>\$ 29,982</u>	<u>\$ 7,118,312</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Gas Tax
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Intergovernmental	\$ 517,200	\$ 517,200	\$ 494,332	\$ (22,868)
Investment earnings	1,000	1,000	525	(475)
TOTAL REVENUES	<u>518,200</u>	<u>518,200</u>	<u>494,857</u>	<u>(23,343)</u>
EXPENDITURES				
Current:				
Public works			23,000	(23,000)
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>23,000</u>	<u>(23,000)</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>518,200</u>	<u>518,200</u>	<u>471,857</u>	<u>(46,343)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(603,552)	(586,552)	(432,786)	153,766
TOTAL OTHER FINANCING SOURCES AND USES	<u>(603,552)</u>	<u>(586,552)</u>	<u>(432,786)</u>	<u>153,766</u>
NET CHANGE IN FUND BALANCES	(85,352)	(68,352)	39,071	107,423
Fund balances, beginning of year	<u>152,225</u>	<u>152,225</u>	<u>152,225</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 66,873</u>	<u>\$ 83,873</u>	<u>\$ 191,296</u>	<u>\$ 107,423</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
CDBG Loan Development
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Intergovernmental	\$ 900,001	\$ 900,001	\$ 34,253	\$ (865,748)
Investment earnings	50	50	(8)	(58)
Other	50,000	50,000	4,284	(45,716)
TOTAL REVENUES	<u>950,051</u>	<u>950,051</u>	<u>38,529</u>	<u>(911,522)</u>
EXPENDITURES				
Current:				
Community development	975,975	975,975	248,862	727,113
TOTAL EXPENDITURES	<u>975,975</u>	<u>975,975</u>	<u>248,862</u>	<u>727,113</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(25,924)</u>	<u>(25,924)</u>	<u>(210,333)</u>	<u>(184,409)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(9,026)	(9,026)	(10,554)	1,528
TOTAL OTHER FINANCING SOURCES AND USES	<u>(9,026)</u>	<u>(9,026)</u>	<u>(10,554)</u>	<u>1,528</u>
NET CHANGE IN FUND BALANCES	(34,950)	(34,950)	(220,887)	(185,937)
Fund balances, beginning of year	<u>72,777</u>	<u>72,777</u>	<u>72,777</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 37,827</u>	<u>\$ 37,827</u>	<u>\$ (148,110)</u>	<u>\$ (185,937)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
State Supplemental Law Enforcement
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Intergovernmental	\$ 100,100	\$ 100,100	\$ 115,084	\$ 14,984
Investment earnings	80	80	11	(69)
TOTAL REVENUES	<u>100,180</u>	<u>100,180</u>	<u>115,095</u>	<u>14,915</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>100,180</u>	<u>100,180</u>	<u>115,095</u>	<u>14,915</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(100,100)	(100,100)	(100,100)	-
TOTAL OTHER FINANCING SOURCES AND USES	<u>(100,100)</u>	<u>(100,100)</u>	<u>(100,100)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	80	80	14,995	14,915
Fund balances, beginning of year	<u>3,115</u>	<u>3,115</u>	<u>3,115</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 3,195</u>	<u>\$ 3,195</u>	<u>\$ 18,110</u>	<u>\$ 14,915</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
La Vigne Landscape and Lighting
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Special assessments		\$ 470,312	\$ 470,689	\$ 377
Investment earnings			4,342	4,342
TOTAL REVENUES	-	470,312	475,031	4,719
EXPENDITURES				
Current:				
Public works		698,933	334,385	364,548
TOTAL EXPENDITURES	-	698,933	334,385	364,548
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	-	(228,621)	140,646	369,267
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (146,000)	(178,610)		178,610
TOTAL OTHER FINANCING SOURCES AND USES	(146,000)	(178,610)	-	178,610
NET CHANGE IN FUND BALANCES	(146,000)	(407,231)	140,646	547,877
Fund balances, beginning of year	1,644,312	1,644,312	1,644,312	-
FUND BALANCES , END OF YEAR	\$ 1,498,312	\$ 1,237,081	\$ 1,784,958	\$ 547,877

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
La Vigne Open Space
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Investment earnings	\$ 460	\$ 460	\$ 451	\$ (9)
TOTAL REVENUES	<u>460</u>	<u>460</u>	<u>451</u>	<u>(9)</u>
EXPENDITURES				
Current:				
Parks and recreation	2,500	2,500	1,733	767
TOTAL EXPENDITURES	<u>2,500</u>	<u>2,500</u>	<u>1,733</u>	<u>767</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,040)</u>	<u>(2,040)</u>	<u>(1,282)</u>	<u>758</u>
NET CHANGE IN FUND BALANCES	(2,040)	(2,040)	(1,282)	758
Fund balances, beginning of year	<u>177,518</u>	<u>177,518</u>	<u>177,518</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 175,478</u>	<u>\$ 175,478</u>	<u>\$ 176,236</u>	<u>\$ 758</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Newell Park Open Space
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Investment earnings	\$ 9,980	\$ 9,980	\$ 9,921	\$ (59)
TOTAL REVENUES	<u>9,980</u>	<u>9,980</u>	<u>9,921</u>	<u>(59)</u>
EXPENDITURES				
Current:				
Parks and recreation	4,000	4,000	10,093	(6,093)
TOTAL EXPENDITURES	<u>4,000</u>	<u>4,000</u>	<u>10,093</u>	<u>(6,093)</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>5,980</u>	<u>5,980</u>	<u>(172)</u>	<u>(6,152)</u>
NET CHANGE IN FUND BALANCES	5,980	5,980	(172)	(6,152)
Fund balances, beginning of year	<u>75,331</u>	<u>75,331</u>	<u>75,331</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 81,311</u>	<u>\$ 81,311</u>	<u>\$ 75,159</u>	<u>\$ (6,152)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Abandoned Vehicle
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Intergovernmental	\$ 6,000	\$ 6,000	\$ 20,884	\$ 14,884
Investment earnings	200	200	193	(7)
TOTAL REVENUES	<u>6,200</u>	<u>6,200</u>	<u>21,077</u>	<u>14,877</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>6,200</u>	<u>6,200</u>	<u>21,077</u>	<u>14,877</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,000)	(5,000)	(15,987)	(10,987)
TOTAL OTHER FINANCING SOURCES AND USES	<u>(5,000)</u>	<u>(5,000)</u>	<u>(15,987)</u>	<u>(10,987)</u>
NET CHANGE IN FUND BALANCES	1,200	1,200	5,090	3,890
Fund balances, beginning of year	<u>73,281</u>	<u>73,281</u>	<u>73,281</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 74,481</u>	<u>\$ 74,481</u>	<u>\$ 78,371</u>	<u>\$ 3,890</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
State and Federal Grants - City Funds
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Intergovernmental	\$ 504,997	\$ 504,997	\$ 60,492	\$ (444,505)
TOTAL REVENUES	<u>504,997</u>	<u>504,997</u>	<u>60,492</u>	<u>(444,505)</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>504,997</u>	<u>504,997</u>	<u>60,492</u>	<u>(444,505)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			28,747	(28,747)
Transfers out	<u>(805,291)</u>	<u>(970,515)</u>	<u>(409,797)</u>	<u>560,718</u>
TOTAL OTHER FINANCING SOURCES AND USES	<u>(805,291)</u>	<u>(970,515)</u>	<u>(381,050)</u>	<u>531,971</u>
NET CHANGE IN FUND BALANCES	(300,294)	(465,518)	(320,558)	87,466
Fund balances, beginning of year	<u>(112,562)</u>	<u>(112,562)</u>	<u>(112,562)</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ (412,856)</u>	<u>\$ (578,080)</u>	<u>\$ (433,120)</u>	<u>\$ 87,466</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Zero Water Footprint
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Charges for services	\$ -	\$ -	\$ 31,250	\$ 31,250
Investment earnings			46	46
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>31,296</u>	<u>31,296</u>
EXPENDITURES				
Current:				
Public works			695	(695)
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>695</u>	<u>(695)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>-</u>	<u>30,601</u>	<u>30,601</u>
NET CHANGE IN FUND BALANCES	-	-	30,601	30,601
Fund balances, beginning of year				
FUND BALANCES , END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,601</u>	<u>\$ 30,601</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Fire Mitigation
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Charges for services	\$ 100,000	\$ 100,000	\$ 401,335	\$ 301,335
Investment earnings	2,500	2,500	1,975	(525)
TOTAL REVENUES	<u>102,500</u>	<u>102,500</u>	<u>403,310</u>	<u>300,810</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>102,500</u>	<u>102,500</u>	<u>403,310</u>	<u>300,810</u>
NET CHANGE IN FUND BALANCES	102,500	102,500	403,310	300,810
Fund balances, beginning of year	<u>690,589</u>	<u>690,589</u>	<u>690,589</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 793,089</u>	<u>\$ 793,089</u>	<u>\$ 1,093,899</u>	<u>\$ 300,810</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Park Improvement
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Charges for services	\$ 10,000	\$ 10,000	\$ 5,273	\$ (4,727)
Investment earnings	180	180	(254)	(434)
TOTAL REVENUES	<u>10,180</u>	<u>10,180</u>	<u>5,019</u>	<u>(5,161)</u>
EXPENDITURES				
Current:				
Parks and recreation		6,500	4,636	1,864
TOTAL EXPENDITURES	<u>-</u>	<u>6,500</u>	<u>4,636</u>	<u>1,864</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>10,180</u>	<u>3,680</u>	<u>383</u>	<u>(3,297)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(47,938)	(47,938)	(6,984)	40,954
TOTAL OTHER FINANCING SOURCES AND USES	<u>(47,938)</u>	<u>(47,938)</u>	<u>(6,984)</u>	<u>40,954</u>
NET CHANGE IN FUND BALANCES	(37,758)	(44,258)	(6,601)	37,657
Fund balances, beginning of year	<u>(106,284)</u>	<u>(106,284)</u>	<u>(106,284)</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ (144,042)</u>	<u>\$ (150,542)</u>	<u>\$ (112,885)</u>	<u>\$ 37,657</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Traffic Impact
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Charges for services	\$ 10,000	\$ 10,000	\$ 1,249,818	\$ 1,239,818
Investment earnings	4,900	4,900	5,984	1,084
TOTAL REVENUES	<u>14,900</u>	<u>14,900</u>	<u>1,255,802</u>	<u>1,240,902</u>
EXPENDITURES				
Current:				
Public works		117,491	740,504	(623,013)
TOTAL EXPENDITURES	<u>-</u>	<u>117,491</u>	<u>740,504</u>	<u>(623,013)</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>14,900</u>	<u>(102,591)</u>	<u>515,298</u>	<u>617,889</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(937,419.00)	(1,146,419)	(183,384)	963,035
TOTAL OTHER FINANCING				
SOURCES AND USES	<u>(937,419)</u>	<u>(1,146,419)</u>	<u>(183,384)</u>	<u>963,035</u>
NET CHANGE IN FUND BALANCES	(922,519)	(1,249,010)	331,914	1,580,924
Fund balances, beginning of year	<u>2,230,766</u>	<u>2,230,766</u>	<u>2,230,766</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 1,308,247</u>	<u>\$ 981,756</u>	<u>\$ 2,562,680</u>	<u>\$ 1,580,924</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Infrastructure
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Investment earnings			\$ (47)	\$ (47)
TOTAL REVENUES	-	-	(47)	(47)
EXPENDITURES				
Current:				
Public works	\$ -	\$ 63,276	775,371	(712,095)
Capital outlay			43,565	(43,565)
TOTAL EXPENDITURES	-	63,276	818,936	(755,660)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(63,276)	(818,983)	(755,707)
NET CHANGE IN FUND BALANCES	-	(63,276)	(818,983)	(755,707)
Fund balances, beginning of year	2,459,930	2,459,930	2,459,930	-
FUND BALANCES , END OF YEAR	\$ 2,459,930	\$ 2,396,654	\$ 1,640,947	\$ (755,707)

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
City Capital Projects
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Other	\$ 35,336	\$ 35,336		\$ (35,336)
TOTAL REVENUES	<u>35,336</u>	<u>35,336</u>	<u>-</u>	<u>(35,336)</u>
EXPENDITURES				
Current:				
Public works			\$ 102,056	(102,056)
Capital outlay	2,895,844	3,473,068	1,016,308	2,456,760
TOTAL EXPENDITURES	<u>2,895,844</u>	<u>3,473,068</u>	<u>1,118,364</u>	<u>2,354,704</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>(2,860,508)</u>	<u>(3,437,732)</u>	<u>(1,118,364)</u>	<u>2,319,368</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,860,508	3,437,732	1,117,906	(2,319,826)
Transfers out	-	-	(28,747)	28,747
TOTAL OTHER FINANCING SOURCES AND USES	<u>2,860,508</u>	<u>3,437,732</u>	<u>1,089,159</u>	<u>(2,291,079)</u>
NET CHANGE IN FUND BALANCES	-	-	(29,205)	(29,205)
Fund balances, beginning of year	<u>153,502</u>	<u>153,502</u>	<u>153,502</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 153,502</u>	<u>\$ 153,502</u>	<u>\$ 124,297</u>	<u>\$ (29,205)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Lease Revenue Bonds
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Investment earnings			\$ 159	\$ 159
TOTAL REVENUES	-	-	159	159
EXPENDITURES				
Debt service:				
Principal	\$ 233,000	\$ 233,000	233,000	-
Interest and other charges	51,153	51,153	51,298	(145)
TOTAL EXPENDITURES	284,153	284,153	284,298	(145)
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	(284,153)	(284,153)	(284,139)	14
OTHER FINANCING SOURCES (USES)				
Transfers in	284,273	284,273	283,531	742
TOTAL OTHER FINANCING SOURCES AND USES	284,273	284,273	283,531	742
NET CHANGE IN FUND BALANCES	120	120	(608)	(728)
Fund balances, beginning of year	25,741	25,741	25,741	-
FUND BALANCES , END OF YEAR	\$ 25,861	\$ 25,861	\$ 25,133	\$ (728)

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Cabernet Village Lease
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Investment earnings	\$ 100	\$ 100	\$ (6)	\$ (106)
TOTAL REVENUES	<u>100</u>	<u>100</u>	<u>(6)</u>	<u>(106)</u>
EXPENDITURES				
Debt service:				
Principal	215,000	215,000	215,000	-
Interest and other charges	261,504	261,504	261,504	-
TOTAL EXPENDITURES	<u>476,504</u>	<u>476,504</u>	<u>476,504</u>	<u>-</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>(476,404)</u>	<u>(476,404)</u>	<u>(476,510)</u>	<u>(106)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	476,504	476,504	476,504	-
TOTAL OTHER FINANCING SOURCES AND USES	<u>476,504</u>	<u>476,504</u>	<u>476,504</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	100	100	(6)	(106)
Fund balances, beginning of year	<u>4,189</u>	<u>4,189</u>	<u>4,189</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 4,289</u>	<u>\$ 4,289</u>	<u>\$ 4,183</u>	<u>\$ (106)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Broadway Property Lease
For the year ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Investment earnings	\$ 70	\$ 70	\$ (46)	\$ (116)
TOTAL REVENUES	<u>70</u>	<u>70</u>	<u>(46)</u>	<u>(116)</u>
EXPENDITURES				
Debt service:				
Principal	111,479	111,479	111,479	-
Interest and other charges	23,201	23,201	23,201	-
TOTAL EXPENDITURES	<u>134,680</u>	<u>134,680</u>	<u>134,680</u>	<u>-</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>(134,610)</u>	<u>(134,610)</u>	<u>(134,726)</u>	<u>(116)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	134,680	134,680	134,680	-
TOTAL OTHER FINANCING SOURCES AND USES	<u>134,680</u>	<u>134,680</u>	<u>134,680</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	70	70	(46)	(116)
Fund balances, beginning of year	<u>712</u>	<u>712</u>	<u>712</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 782</u>	<u>\$ 782</u>	<u>\$ 666</u>	<u>\$ (116)</u>

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

Internal service funds are established to account for goods or services provided by one department within the City to other departments or other government units on a cost reimbursement basis. The following are internal service funds:

Building Maintenance – accounts for the maintenance of all city facilities including janitorial, security alarms, door locks and building related equipment.

Fleet Management Fund – accounts for the maintenance of services to city vehicles and equipment using city staff and contracting service out when necessary.

Information Technology – accounts for the maintenance of services to city computer systems including the financial management system, utility billing system, and building permit software.

CITY OF AMERICAN CANYON
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	Building Maintenance	Fleet	Information Technology	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents			\$ 28,821	\$ 28,821
Accounts receivables, net	\$ 46,379	\$ 1,200		47,579
Interest receivable	(43)	25	36	18
Due from other governments	18,820			18,820
Total current assets	<u>65,156</u>	<u>1,225</u>	<u>28,857</u>	<u>95,238</u>
Non-current assets:				
Capital Assets:				
Depreciable, net of accumulated depreciation		470,516		470,516
Total non-current assets	<u>-</u>	<u>470,516</u>	<u>-</u>	<u>470,516</u>
TOTAL ASSETS	<u>65,156</u>	<u>471,741</u>	<u>28,857</u>	<u>565,754</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension	<u>12,510</u>	<u>15,827</u>	<u>2,768</u>	<u>31,105</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	24,799	6,013	55,728	86,540
Due to other funds	15,731	20,346		36,077
Compensated absences, current portion	6,245	9,702	943	16,890
Bonds, notes, and loans payable, current portion		28,270		28,270
Total current liabilities	<u>46,775</u>	<u>64,331</u>	<u>56,671</u>	<u>167,777</u>
Non-current liabilities:				
Bonds, notes and loans payable		258,460		258,460
Net OPEB liability	3,104	3,378	632	7,114
Net pension liability	81,390	102,974	18,015	202,379
Total non-current liabilities	<u>84,494</u>	<u>364,812</u>	<u>18,647</u>	<u>209,493</u>
TOTAL LIABILITIES	<u>131,269</u>	<u>429,143</u>	<u>75,318</u>	<u>377,270</u>
DEFERRED INFLOW OF RESOURCES				
Pension	<u>20,706</u>	<u>26,197</u>	<u>4,583</u>	<u>51,486</u>
NET POSITION				
Net investment in capital assets		183,786		183,786
Unrestricted	<u>(74,309)</u>	<u>(151,558)</u>	<u>(48,276)</u>	<u>(274,143)</u>
TOTAL NET POSITION	<u>\$ (74,309)</u>	<u>\$ 32,228</u>	<u>\$ (48,276)</u>	<u>\$ (90,357)</u>

CITY OF AMERICAN CANYON
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2015

	Building Maintenance	Fleet	Information Technology	Total Internal Service Funds
REVENUES				
Charges for services	\$ 401,039	\$ 358,163	\$ 360,531	\$ 1,119,733
TOTAL OPERATING REVENUES	<u>401,039</u>	<u>358,163</u>	<u>360,531</u>	<u>1,119,733</u>
OPERATING EXPENSES				
Employee services	119,637	150,534	20,283	290,454
Maintenance and operations	314,998	190,845	376,576	882,419
Depreciation		26,560		26,560
TOTAL OPERATING EXPENSES	<u>434,635</u>	<u>367,939</u>	<u>396,859</u>	<u>1,199,433</u>
OPERATING INCOME (LOSS)	<u>(33,596)</u>	<u>(9,776)</u>	<u>(36,328)</u>	<u>(79,700)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	(105)	24	27	(54)
Operating grants and contributions	65,199	34,385		99,584
Interest expense		(8,189)		(8,189)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>65,094</u>	<u>26,220</u>	<u>27</u>	<u>91,341</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>31,498</u>	<u>16,444</u>	<u>(36,301)</u>	<u>11,641</u>
Capital contributions		125,000		125,000
Transfers in		10,400	8,232	18,632
Transfers out	(14,516)	(4,116)		(18,632)
CHANGE IN NET POSITION	<u>16,982</u>	<u>147,728</u>	<u>(28,069)</u>	<u>136,641</u>
Net position, beginning of year - as previously reported				-
Restatement	(91,291)	(115,500)	(20,207)	(226,998)
Net position, beginning of year - as restated	<u>(91,291)</u>	<u>(115,500)</u>	<u>(20,207)</u>	<u>(226,998)</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ (74,309)</u>	<u>\$ 32,228</u>	<u>\$ (48,276)</u>	<u>\$ (90,357)</u>

CITY OF AMERICAN CANYON
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015

	Building Maintenance	Fleet	Information Technology	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund services provided	\$ 401,039	\$ 358,163	\$ 360,531	\$ 1,119,733
Cash paid to suppliers	(290,199)	(184,832)	(320,848)	(795,879)
Cash paid to employees and related benefits	(111,993)	(139,610)	(19,085)	(270,688)
CASH PROVIDED BY OPERATING ACTIVITIES	(1,153)	33,721	20,598	53,166
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental revenue received		33,185		33,185
Amounts received (paid) to other funds	1,215	26,630	8,232	36,077
CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	1,215	59,815	8,232	69,262
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital expenditures		(182,888)		(182,888)
Capital revenues received		125,000		125,000
Principal paid on long-term liabilities		(27,458)		(27,458)
Interest paid on long-term liabilities		(8,189)		(8,189)
CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	-	(93,535)	-	(93,535)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	(62)	(1)	(9)	(72)
INCREASE IN CASH AND CASH EQUIVALENTS				
		-	28,821	28,821
Cash and cash equivalents, beginning of year				
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ -	\$ -	\$ 28,821	\$ 28,821
RECONCILIATION OF OPERATING (LOSS) INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (33,596)	\$ (9,776)	\$ (36,328)	\$ (79,700)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:				
Depreciation and amortization		26,560		26,560
Postemployment benefit accrual	3,104	3,378	632	7,114
Pension expense	10,805	13,671	2,391	26,867
Changes in operating assets and liabilities:				
Change in deferred outflows of resources for pensions	(12,510)	(15,827)	(2,768)	(31,105)
Accounts payable and accrued expenses	24,799	6,013	55,728	86,540
Compensated absence accrual	6,245	9,702	943	16,890
CASH PROVIDED BY OPERATING ACTIVITIES	\$ (1,153)	\$ 33,721	\$ 20,598	\$ 53,166
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:				
Issuance of capital lease	\$ -	\$ 314,188	\$ -	\$ 314,188

The accompanying notes are an integral part of these financial statements.

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AGENCY FUNDS

AGENCY FUNDS

American Canyon Road East Assessment District – these assessment bonds were issued to finance major street and road realignments and improvements of the American Canyon Road East. The bonds are secured by special assessments levied against properties within the District.

La Vigne Assessment District – these assessment bonds were issued to finance water and sewer connection fees of the La Vigne Subdivision. The bonds are secured by special assessments levied against properties within the District.

CITY OF AMERICAN CANYON
Combining Schedule of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2015

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015
<u>American Canyon Road East Assessment District</u>				
<u>Assets</u>				
Cash and investments	\$ 1,248,643		\$ (161,546)	\$ 1,087,097
Restricted cash and investments	1,219,078		(1,216,830)	2,248
Taxes receivable	26,999		(18,130)	8,869
Interest receivable	633		(83)	550
TOTAL ASSETS	<u>\$ 2,495,353</u>	<u>\$ -</u>	<u>\$ (1,396,589)</u>	<u>\$ 1,098,764</u>
<u>Liabilities</u>				
Accounts payable	\$ 2,032		\$ (1,948)	\$ 84
Agency obligations	2,493,321		(1,394,642)	1,098,679
TOTAL LIABILITIES	<u>\$ 2,495,353</u>	<u>\$ -</u>	<u>\$ (1,396,590)</u>	<u>\$ 1,098,763</u>
<u>La Vigne Assessment District</u>				
<u>Assets</u>				
Cash and investments	\$ 806,977	\$ 24,764		\$ 831,741
Restricted cash and investments	289,760	1,452		291,212
Taxes receivable	13,675		\$ (1,128)	12,547
Interest receivable	277	216		493
TOTAL ASSETS	<u>\$ 1,110,689</u>	<u>\$ 26,432</u>	<u>\$ (1,128)</u>	<u>\$ 1,135,993</u>
<u>Liabilities</u>				
Accounts payable	\$ 123		\$ (123)	
Agency obligations	1,110,566	\$ 25,428		\$ 1,135,994
TOTAL LIABILITIES	<u>\$ 1,110,689</u>	<u>\$ 25,428</u>	<u>\$ (123)</u>	<u>\$ 1,135,994</u>
<u>Total Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$ 2,055,620	\$ 24,764	\$ (161,546)	\$ 1,918,838
Restricted cash and investments	1,508,838	1,452	(1,216,830)	293,460
Taxes receivable	40,674		(19,258)	21,416
Interest receivable	910	216	(83)	1,043
TOTAL ASSETS	<u>\$ 3,606,042</u>	<u>\$ 26,432</u>	<u>\$ (1,397,717)</u>	<u>\$ 2,234,757</u>
<u>Liabilities</u>				
Accounts payable	\$ 2,155		\$ (2,071)	\$ 84
Agency obligations	3,603,887	\$ 25,428	(1,394,642)	2,234,673
TOTAL LIABILITIES	<u>\$ 3,606,042</u>	<u>\$ 25,428</u>	<u>\$ (1,396,713)</u>	<u>\$ 2,234,757</u>

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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. In contrast to the financial section, the statistical section information is not subject to independent audit.

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:

1. Net Position by Component
2. Changes in Net Position
3. Fund Balances of Governmental Funds
4. Changes in Fund Balances of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax:

5. Own Source Tax Revenue
6. Assessed Actual Value of Taxable Property
7. Direct and Overlapping Property Tax Rates
8. Principal Property Taxpayers
9. Property Tax Levies and Collections

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:

10. Ratio of Outstanding Debt by Type
11. Ratio of General Bonded Debt Outstanding
12. Direct and Overlapping Governmental Activities Debt
13. Computation of Legal Bonded Debt Margin
14. Debt Pledged Revenue Coverage

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place:

15. Demographic and Economic Statistics
16. Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

17. Full-Time Equivalent City Government Employees by Function
18. Operating Indicators by Function/Program
19. Capital Asset Statistics by Function/Program

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

**Schedule 1
City of American Canyon
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
Net investment in capital assets	\$ 34,983,375	\$ 227,564,725	\$ 250,971,443	\$ 256,124,111	\$ 257,279,990	\$ 253,763,878	\$ 253,484,193	\$ 256,298,710	\$ 264,170,866	\$ 262,265,389
Restricted	41,254,502	42,782,549	17,020,361	9,033,170	7,104,451	5,545,510	13,585,903	12,513,568	12,856,505	13,031,111
Unrestricted	14,924,274	10,245,964	20,757,525	27,809,270	25,464,653	27,430,671	12,415,149	9,050,617	10,950,108	2,513,594
Total governmental activities net position	91,162,151	280,593,238	288,749,329	292,966,551	289,849,094	286,740,059	279,485,245	277,862,895	287,977,479	277,810,094
Business-type activities:										
Net investment in capital assets	36,004,059	43,651,150	43,155,744	44,253,424	48,837,064	47,246,749	50,758,608	49,583,193	52,726,436	51,267,144
Restricted	13,730,771	6,612,632	6,785,993	11,559,556	7,387,841	8,466,754	4,723,486	4,541,608	2,598,062	2,088,606
Unrestricted	3,849,363	4,573,795	4,707,005	4,828,423	4,976,718	4,391,198	6,695,379	7,190,877	8,214,087	4,224,005
Total business-type activities	53,584,193	54,837,577	54,648,742	60,641,403	61,201,623	60,104,701	62,177,473	61,315,678	63,538,585	57,579,755
Primary government (City wide totals)										
Net investment in capital assets	70,987,434	271,215,875	294,127,187	300,377,535	306,117,054	301,010,627	304,242,801	305,881,903	316,897,302	313,532,533
Restricted	54,985,273	49,395,181	23,806,354	20,592,726	14,492,292	14,012,264	18,309,389	17,055,176	15,454,567	15,119,717
Unrestricted	18,773,637	14,819,759	25,464,530	32,637,693	30,441,371	31,821,869	19,110,528	16,241,494	19,164,195	6,737,599
Total primary government net position	\$ 144,746,344	\$ 335,430,815	\$ 343,398,071	\$ 353,607,954	\$ 351,050,717	\$ 346,844,760	\$ 341,662,718	\$ 339,178,573	\$ 351,516,064	\$ 335,389,849

Note: Source is the City of American Canyon Comprehensive Annual Financial Report.

Schedule 2
City of American Canyon
Changes in Net Position, Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental activities:										
General government	\$ 2,010,072	\$ 2,137,443	\$ 2,967,301	\$ 2,792,871	\$ 5,925,952	\$ 5,742,030	\$ 4,309,153	\$ 5,069,455	\$ 4,749,018	\$ 5,647,996
Public safety	6,519,301	7,569,230	7,890,538	9,528,522	9,230,672	8,995,695	9,147,931	9,456,173	10,001,059	10,585,106
Community development	2,408,385	2,070,303	2,398,727	1,931,299	2,019,771	1,922,780	8,903,969	1,295,309	1,601,943	2,383,201
Parks and recreation	2,160,917	2,329,591	1,881,005	2,282,212	2,028,223	1,962,488	1,745,163	2,067,811	2,328,669	2,503,744
Public works	3,154,375	4,363,249	3,833,395	4,195,481	3,529,403	5,000,879	5,358,661	4,654,492	5,304,938	6,509,082
Interest on long-term debt	1,307,101	1,494,237	452,048	97,246	417,421	510,893	448,057	446,187	344,223	329,915
Total governmental activities expenses	17,560,151	19,964,053	19,423,014	20,827,631	23,151,442	24,134,765	29,912,934	22,989,427	24,329,850	27,959,044
Business-type activities:										
Water	4,277,051	4,907,860	6,401,819	5,074,018	4,951,067	6,020,578	4,894,501	5,502,434	6,191,545	7,350,323
Wastewater	3,783,076	3,508,065	4,263,817	4,072,014	3,623,805	3,885,692	4,356,356	3,843,559	3,555,274	4,013,398
Transit	180,006	19,778	21,896	30,060	-	-	-	-	-	-
Total business-type activities expenses	8,240,133	8,435,703	10,687,532	9,176,092	8,574,872	9,906,270	9,250,857	9,345,993	9,746,819	11,363,721
Total City government expenses	\$ 25,800,284	\$ 28,399,756	\$ 30,110,546	\$ 30,003,723	\$ 31,726,314	\$ 34,041,035	\$ 39,163,791	\$ 32,335,420	\$ 34,076,669	\$ 39,322,765
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 1,318,594	\$ 574,407	\$ 2,189,873	\$ 441,894	\$ 536,747	\$ 365,857	\$ 212,295	\$ 184,060	\$ 484,057	\$ 534,179
Public safety	1,233,993	1,035,907	960,774	1,152,729	1,051,178	813,720	974,398	1,133,505	901,808	1,510,347
Community development	1,920,903	1,030,340	664,775	573,456	498,947	449,493	940,899	690,241	857,994	2,438,744
Parks and recreation	814,243	555,270	376,472	362,699	373,227	491,253	381,657	357,267	392,717	441,946
Public works	2,126,087	825,602	476,631	252,634	80,745	127,834	1,141,520	939,685	2,203,836	2,442,299
Operating grants and contributions	1,247,123	7,112,187	10,800,170	165,350	342,197	196,741	235,284	275,796	363,581	476,130
Capital grants and contributions	26,671,090	953,299	2,163,102	3,381,171	1,732,699	2,454,934	2,050,628	1,150,330	11,145,194	381,050
Total governmental activities program revenues	35,332,033	12,087,012	17,631,797	6,329,933	4,615,740	4,899,832	5,936,681	4,730,884	16,349,187	8,224,695
Business-type activities:										
Charges for services:										
Water	3,602,305	3,901,103	4,160,383	4,232,638	4,010,648	4,761,832	4,705,561	4,892,290	4,982,094	4,333,543
Wastewater	2,751,242	2,901,494	3,157,260	3,373,740	3,420,812	3,581,786	3,558,663	3,733,461	3,845,647	3,914,276
Transit	9,010	5,351	3,045	2,419	-	-	-	-	-	-
Operating grants and contributions	143,371	9,009	-	-	-	-	-	-	4,026	10,410
Capital grants and contributions	8,878,705	3,941,030	2,934,877	1,347,892	2,597,250	1,523,559	1,013,181	184,707	4,084,830	242,025
Total business-type activities programs revenues	15,384,633	10,757,987	10,255,565	8,956,689	10,028,710	9,867,177	9,277,405	8,810,458	12,916,597	8,500,254
Total City government program revenues	\$ 50,716,666	\$ 22,844,999	\$ 27,887,362	\$ 15,286,622	\$ 14,644,450	\$ 14,767,009	\$ 15,214,086	\$ 13,541,342	\$ 29,265,784	\$ 16,724,949

(Continued)

**City of American Canyon
Changes in Net Position, Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net(Expense)Revenue:										
Governmental activities	\$ 17,771,882	\$ (7,877,041)	\$ (1,791,217)	\$ (14,497,698)	\$ (18,535,702)	\$ (19,234,933)	\$ (23,976,253)	\$ (18,258,543)	\$ (7,980,663)	\$ (19,734,349)
Business-type activities	7,144,500	2,322,284	(431,967)	(219,403)	1,453,838	(39,093)	26,548	(535,535)	3,169,778	(3,414,199)
Total City government	<u>\$ 24,916,382</u>	<u>\$ (5,554,757)</u>	<u>\$ (2,223,184)</u>	<u>\$ (14,717,101)</u>	<u>\$ (17,081,864)</u>	<u>\$ (19,274,026)</u>	<u>\$ (23,949,705)</u>	<u>\$ (18,794,078)</u>	<u>\$ (4,810,885)</u>	<u>\$ (23,148,548)</u>
General Revenues and Other Changes in Net Position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 8,297,424	\$ 9,356,579	\$ 10,673,890	\$ 10,852,126	\$ 10,162,212	\$ 10,510,243	\$ 10,343,648	\$ 10,261,072	\$ 10,599,981	\$ 11,480,330
Sales taxes	1,660,673	1,794,124	2,446,951	2,275,741	2,888,182	2,705,763	2,024,495	2,489,832	2,294,150	2,358,219
Other taxes	785,907	784,213	2,717,561	2,905,454	1,104,662	1,330,655	2,215,564	2,632,783	2,785,624	3,002,106
Unrestricted grants and contributions	1,058,703	1,191,706	110,157	79,109	55,668	83,979	0	0	0	0
Investment earnings	453,653	885,293	1,368,236	666,535	203,205	307,741	274,619	143,321	227,702	272,849
Settlement award (Note 13)	0	0	0	7,593,000	0	0	0	0	0	0
Miscellaneous	85,783	348,145	472,604	555,019	110,698	129,688	875,336	111,822	485,625	300,765
Transfers	(189,660)	1,068,900	483,198	(6,212,064)	893,618	1,057,829	1,110,118	997,363	1,702,165	994,725
Total governmental activities	<u>12,152,483</u>	<u>15,428,960</u>	<u>18,272,597</u>	<u>18,714,920</u>	<u>15,418,245</u>	<u>16,125,898</u>	<u>16,843,780</u>	<u>16,636,193</u>	<u>18,095,247</u>	<u>18,408,994</u>
Business-type activities										
Investment earnings and other							66,177	517,929	755,294	(17,971)
Transfers	189,660	(1,068,900)	243,132	6,212,064	(893,618)	(1,057,829)	(1,110,118)	(997,363)	(1,702,165)	(994,725)
Total business-type activities	<u>189,660</u>	<u>(1,068,900)</u>	<u>243,132</u>	<u>6,212,064</u>	<u>(893,618)</u>	<u>(1,057,829)</u>	<u>(1,043,941)</u>	<u>(479,434)</u>	<u>(946,871)</u>	<u>(1,012,696)</u>
Total City government	<u>\$ 12,342,143</u>	<u>\$ 14,360,060</u>	<u>\$ 18,515,729</u>	<u>\$ 24,926,984</u>	<u>\$ 14,524,627</u>	<u>\$ 15,068,069</u>	<u>\$ 15,799,839</u>	<u>\$ 16,156,759</u>	<u>\$ 17,148,376</u>	<u>\$ 17,396,298</u>
Change in net position:										
Governmental activities	\$ 29,924,365	\$ 7,551,919	\$ 16,481,380	\$ 4,217,222	\$ (3,117,457)	\$ (3,109,035)	\$ (7,132,473)	\$ (1,622,350)	\$ 10,114,584	\$ (1,325,355)
Business-type activities	7,334,160	1,253,384	(188,835)	5,992,661	560,220	(1,096,922)	(1,017,393)	(1,014,969)	2,222,907	(3,876,163)
Total City government	<u>\$ 37,258,525</u>	<u>\$ 8,805,303</u>	<u>\$ 16,292,545</u>	<u>\$ 10,209,883</u>	<u>\$ (2,557,237)</u>	<u>\$ (4,205,957)</u>	<u>\$ (8,149,866)</u>	<u>\$ (2,637,319)</u>	<u>\$ 12,337,491</u>	<u>\$ (5,201,518)</u>

Note: Source is the City of American Canyon Comprehensive Annual Financial Report.

**Schedule 3
City of American Canyon
Fund Balances, Governmental Funds
Last Ten Fiscal Years**

Fiscal Year	General Fund						All Other Governmental Funds								
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total General Fund	Nonspendable	Restricted		Committed	Assigned	Unassigned		Total	
								Special Revenue and Debt Service	Capital Projects	Special Revenue	Special Revenue	Special Revenue	Capital Projects		
2015	\$ 2,644,665	\$ 75,883	\$ 1,476,370	\$ 777,418	\$ 6,107,104	\$ 11,081,440	\$ 589,041	\$ 2,390,604	\$ 5,876,113	\$ 1,347,000	\$ 2,815,904	\$ (1,272,732)	\$ (1,335,082)	\$ 10,410,848	
2014	2,467,641	69,535	1,461,807	872,295	5,970,052	10,841,330	553,448	2,235,092	6,088,807	1,347,000	2,411,746	(1,143,857)	(1,422,675)	10,069,561	
2013	3,112,160	61,228	1,494,771	1,026,588	4,899,474	10,594,221	552,760	1,587,471	5,944,172	1,347,000	1,011,763	1,612,299	(1,338,207)	10,717,258	
2012	3,073,931	37,527	1,449,532	1,110,230	4,560,773	10,231,993	552,755	3,135,456	6,806,475	1,387,400	103,000	2,482,445	(1,314,898)	13,152,633	
2011	2,366,735			2,709,975	4,233,589	9,310,299	552,760	3,307,876	7,394,711			3,758,213	(1,306,134)	13,707,426	
									Unreserved, reported in						
	Reserved	Unreserved					Reserved	Designated for Other Purposes	Capital Projects	Special Revenue	Total				
2010	\$ 4,287,304	\$ 5,787,462				\$ 10,074,766	\$ 2,361,971	\$ 1,447,000	\$ 2,988,237	\$ 5,780,621	\$ 10,215,858				
2009	2,989,559	8,337,849				11,327,408	6,027,173		4,739,327	5,107,191	15,873,691				
2008	2,076,721	8,899,893				10,976,614	4,867,860		7,959,292	4,547,519	17,374,671				
2007	2,912,695	5,049,883				7,962,578	3,955,073		6,005,878	17,344,047	27,304,998				
2006	1,375,885	6,743,625				8,119,510	1,321,957		7,813,033	30,390,931	39,525,921				

Note: GASB Statement Number 54 was implemented in the 2011 fiscal year which changed the terminology used for fund balance reporting.

Source is the City of American Canyon Comprehensive Annual Financial Report.

Schedule 4
City of American Canyon
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(In Rounded Thousands of Dollars)
(Modified accrual basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues:										
Taxes	\$ 11,315	\$ 12,005	\$ 14,165	\$ 14,196	\$ 14,155	\$ 14,547	\$ 15,272	\$ 15,313	\$ 15,992	\$ 17,896
Special assessments		2,104	473	498	515	457	435	447	455	471
Licenses and permits	960	484	633	578	530	329	338	337	337	446
Fines and forfeits	87	137	196	178	177	131	203	153	120	112
Intergovernmental	2,683	3,549	3,032	3,163	1,286	2,147	1,120	1,079	1,280	874
Charges for services	6,314	2,172	3,745	3,504	1,566	1,613	1,051	1,156	2,025	4,496
Other revenues	2,842	2,731	2,408	8,769	755	744	1,315	998	1,179	1,022
Total revenues	24,201	23,182	24,652	30,886	18,984	19,968	19,734	19,483	21,389	25,317
Expenditures:										
General government	2,136	2,182	4,577	5,117	4,587	5,004	3,670	3,896	4,066	5,064
Public safety	6,422	7,447	7,630	8,374	8,849	8,646	8,897	9,377	9,554	9,734
Parks and Recreation	1,999	2,193	1,748	2,217	2,023	1,934	1,597	1,073	1,192	2,202
Comm. Dev. and Public Wor	7,632	6,057	4,974	4,933	4,231	3,909	4,278	4,557	5,496	6,597
Capital outlay	6,086	24,446	10,580	5,759	3,803	194	947	2,445	2,277	1,200
Debt service:										
Payment to escrow agent	-	-	-	-	-	-	-	-	-	-
Costs of issuance	902	53	-	-	-	-	-	-	-	-
Principal	420	773	351	401	439	463	478	502	537	560
Interest	974	1,390	441	469	495	511	488	460	394	373
Total expenditures	26,571	44,541	30,301	27,270	24,427	20,661	20,355	22,310	23,516	25,730
Excess of revenues over(under) expenditures	(2,371)	(21,359)	(5,648)	3,616	(5,442)	(693)	(621)	(2,827)	(2,127)	(413)
Other Financing Sources(Uses)										
Proceeds from borrowing	18,405	6,695	-	1,075	-	-	-	2,222	-	-
Sale of Affordable Hsng Site	-	1,218	410	371	-	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-	-	-	(2,465)	-	-
Transfers in	23,623	11,471	6,064	5,003	9,535	3,609	4,028	4,065	5,447	3,742
Transfers out	(23,787)	(10,402)	(4,574)	(11,215)	(8,641)	(2,551)	(2,918)	(3,068)	(3,745)	(2,747)
Sale of Assets	-	-	-	-	-	-	-	-	24	-
Total other financing Sources(Uses)	18,241	8,982	1,900	(4,766)	894	1,058	1,110	754	1,726	995
Net change in fund balances	\$ 15,870	\$ (12,377)	\$ (3,748)	\$ (1,150)	\$ (4,548)	\$ 365	\$ 489	\$ (2,073)	\$ (401)	\$ 581
Debt service as a percentage of noncapital expenditures	6.8%	10.8%	4.0%	4.0%	4.5%	4.8%	5.0%	4.8%	4.4%	3.8%

Source: City of American Canyon Comprehensive Annual Financial Report

Schedule 5
City of American Canyon
Own Source Tax Revenues by Source
Last Ten Fiscal Years
(In Rounded Thousands of Dollars)
(Modified accrual basis of accounting)

Fiscal Year	Property Tax	Transient Occupancy Tax	Franchise Tax	Cardroom Admission Tax	Fire Assessment Fee	Total
2005-2006	8,450	217	372			9,039
2006-2007	9,357	283	369		538	10,547
2007-2008	10,674	462	504		515	12,155
2008-2009	10,852	460	523		565	12,400
2009-2010	10,162	557	547		593	11,859
2010-2011	10,510	663	547		592	12,312
2011-2012	10,314	930	585		590	12,419
2012-2013	10,240	1,064	577	147	593	12,621
2013-2014	10,569	1,249	618	261	588	13,285
2014-2015	11,353	1,406	673	232	597	14,261

Note: Source is the City of American Canyon Comprehensive Annual Financial Report and General Ledger

**Schedule 6
City of American Canyon
Assessed Value of Taxable Property
Last Ten Fiscal Years
(In thousands of dollars)**

<u>Fiscal Year</u>	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Vacant Land</u>	<u>SBE Nonunitary</u>	<u>Possessory Int.</u>	<u>Unsecured</u>	<u>Other</u>	<u>Total</u>	<u>Total Direct Rate</u>
2005-2006	\$ 1,348,106	\$ 72,886	\$ 223,619	\$ 49,993	\$ 1,263	\$ 11,750	\$ 62,603	\$ 1,263	\$ 1,771,483	0.30%
2006-2007	1,632,628	78,370	245,592	58,882	1,262	12,742	73,975	-	2,103,451	0.29%
2007-2008	1,870,452	119,382	246,670	47,636	1,226	13,816	116,944	-	2,416,126	0.29%
2008-2009	1,740,322	133,785	321,819	54,152	1,226	14,600	107,201	-	2,373,105	0.29%
2009-2010	1,433,334	144,510	354,716	46,983	1,226	15,377	112,735	-	2,108,881	0.29%
2010-2011	1,435,443	136,599	410,527	36,245	1,226	15,844	121,972	-	2,157,856	0.28%
2011-2012	1,406,792	138,176	365,259	37,857	1,454	16,023	168,278	79	2,133,918	0.28%
2012-2013	1,335,380	136,921	375,497	66,285	1,454	16,147	193,882	3,517	2,129,083	0.28%
2013-2014	1,398,763	144,912	404,835	63,139	42	16,449	201,968	3,588	2,233,696	0.28%
2014-2015	1,541,948	142,808	406,322	65,143	42	16,912	206,535	4,358	2,384,068	0.28%

Note: Exempt values are not included in Total.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Data Source: Napa County Assessor 2003/04 - 2012/13 Combined Tax Rolls

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of the City of American Canyon.

**Schedule 7
City of American Canyon
Direct and Overlapping Property Tax Rates
For The Last Ten Fiscal Years
(Rates per \$100 of assessed value)**

Agency	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Basic Levy ¹	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Napa College	0.033	0.019	0.011	0.024	0.025	0.017	0.025	0.025	0.027	0.026
Napa Valey Unified School District	0.037	0.040	0.031	0.057	0.073	0.061	0.073	0.065	0.072	0.069
Total Direct & Overlapping² Tax Rates	1.070	1.059	1.042	1.081	1.099	1.078	1.097	1.090	1.099	1.095
City's Share of 1% Levy per Prop 13³	0.354	0.354	0.354	0.354	0.296	0.296	0.296	0.296	0.296	0.296
Total Direct Rate⁴	0.301	0.289	0.285	0.285	0.285	0.282	0.281	0.277	0.276	0.276

Notes:

¹In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds

²Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.

³City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be reflected in the ratio figures.

⁴Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.

Data Source: Napa County Assessor 2001/02 - 2010/11 Combined Tax Rolls

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of the City of American Canyon.

**Schedule 8
City of American Canyon
2014/15 Top Ten Property Taxpayers
Based on Property Tax Revenue**

Owner	Secured			Unsecured			Combined		
	Parcels	Revenue	% of Revenue	Parcels	Revenue	% of Revenue	Value	% of Revenue	Primary Use & Primary Agency
1) Coca Cola Company		\$ -	0.00%	2	\$ 222,072	27.49%	\$ 222,072	2.26%	Unsecured American Canyon Gen Fund
2) SDG Hanna Court 411 LLC	2	137,927	1.53%				137,927	1.40%	Industrial American Canyon Gen Fund
3) Biagi and Associates	1	109,100	1.21%	1	1,226	0.15%	110,326	1.12%	Industrial American Canyon Gen Fund
4) Sutter Home Winery Inc	2	98,616	1.09%				98,616	1.00%	Industrial American Canyon Gen Fund
5) 5500 Eucalyptus Dr Apts	1	91,105	1.01%				91,105	0.93%	Residential American Canyon Gen Fund
6) Broadstone HC California LLC	2	81,757	0.91%				81,757	0.83%	Industrial American Canyon Gen Fund
7) Barry Callebaut USA LLC				1	79,993	9.90%	79,993	0.81%	Unsecured American Canyon Gen Fund
8) Amcan Beverages Inc	1	64,648	0.72%				64,648	0.66%	Industrial American Canyon Gen Fund
9) 125 Mezzetta Court Inc	1	63,145	0.70%				63,145	0.64%	Industrial American Canyon Gen Fund
10) Walmart Real Estate Business Trust	1	55,425	0.61%	1	5,844	0.72%	61,269	0.62%	Commercial American Canyon Gen Fund
Top Ten Totals	11	701,723	7.78%	5	309,135	38.27%	1,010,858	10.29%	
City Totals		\$ 9,018,289			\$ 807,727		\$ 9,826,016		

*Revenue includes Outer TRAs

Note: The 'Revenue' line for each owner is the estimated total revenue for that owner. Although these estimated calculations are performed on a parcel level, county auditor/controllers' offices neither calculate nor apportion revenues at a parcel level.

Data Source: Napa County Assessor 2012/13 Combined Tax Rolls and the SBE Non Unitary Tax Roll

**Schedule 8
City of American Canyon
2005/06 Top Ten Property Taxpayers
Based on Property Tax Revenue**

Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Revenue	% of Revenue	Parcels	Revenue	% of Revenue	Value	% of Revenue	
1) Pokka USA Inc	1	\$ 125,456	2.44%				\$ 125,456	2.35%	Industrial American Canyon Gen Fund
2) SDG Commerce 201 LLC	4	80,630	1.57%				80,630	1.51%	Industrial American Canyon Gen Fund
3) Sutter Home Winery Inc	2	77,145	1.50%				77,145	1.45%	Industrial American Canyon Gen Fund
4) 125 Mezzetta Court	1	55,971	1.09%				55,971	1.05%	Industrial American Canyon Gen Fund
5) LBL DUC II Scally Ranch LLC	121	51,618	1.01%				51,618	0.97%	Vacant American Canyon Gen Fund
6) BDC American Canyon LP	5	36,660	0.71%				36,660	0.69%	Commercial American Canyon Gen Fund
7) YHB Napa LLC	1	32,031	0.62%				32,031	0.60%	Commercial American Canyon Gen Fund
8) Homanap LP	1	26,478	0.52%				26,478	0.50%	Industrial American Canyon Gen Fund
9) Adobe Lumber Inc	1	23,819	0.46%				23,819	0.45%	Commercial American Canyon Gen Fund
10) 1155 Commerce Blvd Inc	1	23,334	0.45%				23,334	0.44%	Industrial American Canyon Gen Fund
Top Ten Totals	138	533,142	10.39%	0	-	0.00%	533,142	10.00%	
City Totals		\$ 5,131,733			\$ 197,222		\$ 5,328,955		

Note: The 'Revenue' line for each owner is the estimated total revenue for that owner. Although these estimated calculations are performed on a parcel level, county auditor/ controllers' offices neither calculate nor apportion revenues at a parcel level.

Data Source: Napa County Assessor 2003/04 Combined Tax Rolls and the SBE Non Unitary Tax Roll

**Schedule 9
City of American Canyon
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of The Levy	
		Amount	Percentage of Levy
2006	\$ 8,499,909	\$ 8,499,909	100%
2007	9,356,579	9,356,579	100%
2008	10,673,890	10,673,890	100%
2009	10,852,126	10,852,126	100%
2010	10,162,212	10,162,212	100%
2011	10,510,243	10,510,243	100%
2012	10,343,648	10,343,648	100%
2013	10,261,072	10,261,072	100%
2014	10,599,981	10,599,981	100%
2015	11,480,330	11,480,330	100%

Note: Source is City of American Canyon Tax Collection records and Napa County Assessor records. Property taxes are levied and collected pursuant to an arrangement commonly referred to as the Teeter Plan. Under the Teeter Plan, the County allocates and remits to the City the full amount of each years tax levy, and the County then retains any delinquencies as collected by the County.

Schedule 10
City of American Canyon
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years
(Dollars in Thousands except for Per Capita)

Fiscal Year	Governmental Activities				Business-type Activities		Total City Debt	Total City Debt as a Percentage of Personal Income	Total City Debt Per Capita
	General Obligation Bonds	Lease Revenue Bonds	Special Assessment Bonds	Capital Lease Obligations	Capital Lease Obligations	State of California and Other Loans			
2006	-	\$3,545	-	\$ 501	\$ 6,486	\$ 10,443	\$20,975	7.28%	\$ 1,410
2007	-	3,380	-	6,695	6,035	11,991	28,101	7.74%	1,766
2008	-	3,205	-	6,695	5,776	11,545	27,221	3.30%	1,676
2009	-	3,030	-	7,727	5,490	10,399	26,646	2.78%	1,613
2010	-	2,850	-	7,467	5,355	9,565	25,237	2.20%	1,499
2011	-	2,660	-	7,194	5,214	11,772	26,840	2.82%	1,355
2012	-	2,465	-	6,912	-	10,157	19,534	1.92%	983
2013	-	2,017	-	6,615	-	8,773	17,405	1.04%	870
2014	-	1,792	-	6,303	-	7,331	15,426	0.92%	772
2015	-	1,559	-	6,263	827	6,214	14,863	0.90%	738

Data Source: City of American Canyon Comprehensive Annual Financial Report

Schedule 11
City of American Canyon
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Lease Revenue Bonds	Total		
2006	-	\$ 3,545,000	\$ 3,545,000	0.20%	238
2007	-	3,380,000	3,380,000	0.16%	212
2008	-	3,205,000	3,205,000	0.13%	197
2009	-	3,030,000	3,030,000	0.13%	183
2010	-	2,850,000	2,850,000	0.14%	169
2011	-	2,660,000	2,660,000	0.12%	134
2012	-	2,465,000	2,465,000	0.12%	124
2013	-	2,017,000	2,017,000	0.09%	101
2014	-	1,792,000	1,792,000	0.08%	90
2015	-	1,559,000	1,559,000	0.07%	77

Note: Debt service on the lease revenue bonds is financed by the use of general governmental financial resources available in the general fund and special revenue funds of the City.

Data Source: City of American Canyon Comprehensive Annual Financial Report.

Schedule 12
City of American Canyon
Direct and Overlapping Governmental Activities Debt
As of June 30, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable⁽¹⁾</u>	<u>Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Napa Joint Community College District	\$ 124,133,911	7.685%	\$ 9,539,691
Napa Valley Unified School District	263,110,000	11.538%	30,357,632
City of American Canyon 1915 Act Bonds	18,784,600	100.000%	18,784,600
Other debt:			
Napa County Certificates of Participation	30,235,000	7.754%	2,344,422
Napa County Board of Education Certificate of Participation	2,830,000	7.754%	<u>219,438</u>
Subtotal overlapping debt			<u>61,245,783</u>
City of American Canyon Lease Revenue Bond			1,559,000
City of American Canyon Capital Leases			<u>6,263,397</u>
Subtotal direct debt			<u>7,822,397</u>
Total Direct and Overlapping General Fund Debt			<u><u>\$ 69,068,180</u></u>
<u>Ratios to Assessed Valuation:</u>			
Total Direct Debt (\$7,822,397)		0.33%	
Total Overlapping Tax and Assessment Debt.		2.57%	
Combined Total Debt		2.90%	

**Schedule 13
City of American Canyon
Computation of Legal Debt Margin
Last Ten Fiscal Years**

Fiscal Year	Assessed Value	Debt Limit	General Bonded Debt	Legal Debt Margin	Net Debt Margin
2006	\$ 1,770,220,281	\$ 66,383,261	\$ 3,545,000	\$ 62,838,261	5.34%
2007	2,103,991,026	78,899,663	3,380,000	75,519,663	4.28%
2008	2,416,125,517	90,604,707	3,205,000	87,399,707	3.54%
2009	2,373,105,782	88,991,467	3,030,000	85,961,467	3.40%
2010	2,108,881,346	79,083,050	2,850,000	76,233,050	3.60%
2011	2,157,856,501	80,919,619	2,660,000	78,259,619	3.29%
2012	2,133,917,840	80,021,919	2,465,000	77,556,919	3.08%
2013	2,129,083,162	79,840,619	2,017,000	77,823,619	2.53%
2014	2,233,695,851	83,763,594	1,792,000	81,971,594	2.14%
2015	2,384,068,041	89,402,552	1,559,000	87,843,552	1.74%

Notes:

⁽¹⁾ California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted when assessed valuations were based on 25% of full market value. This has since changed to 100% of full market value. Thus, the limit shown is 3.75% (one-fourth the limit of 15%).

Data Source: City of American Canyon Comprehensive Annual Financial Report.

Schedule 14
City of American Canyon
Pledged Revenue Coverage
Last Ten Fiscal Years

Special Assessment Bonds

Fiscal Year	Special Assessment Collections	Capital Impact Fees	Debt Service		
			Principal	Interest	Coverage
2006	\$ 1,704,616	-	\$ 255,000	\$ 802,011	1.61
2007	1,667,509	-	440,000	1,222,290	1.00
2008	1,706,675	-	490,000	1,170,455	1.03
2009	1,711,386	-	505,000	1,155,572	1.03
2010	1,896,142	-	515,000	1,139,097	1.15
2011	1,782,130	-	540,000	1,120,650	1.07
2012	1,690,646	-	555,000	1,100,375	1.02
2013	1,744,914	-	575,000	1,078,666	1.06
2014	1,687,609	-	605,000	1,023,243	1.04
2015	1,701,083	-	680,600	978,177	1.03

State of California Water Loan

	Water Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		
					Principal	Interest	Coverage
2006	\$ 3,602,305	\$ 2,321,468	\$ 3,277,499	\$ 2,646,274	\$ 57,844	\$ 35,376	28.39
2007	3,901,103	774,625	3,404,570	1,271,158	58,938	34,236	13.64
2008	4,160,383	1,567,463	5,341,105	386,741	48,620	33,042	4.74
2009	4,232,638	1,174,189	3,985,190	1,421,637	49,836	31,826	17.41
2010	4,010,648	2,163,696	3,198,507	2,975,837	50,778	29,950	36.86
2011	4,761,832	1,461,935	3,532,662	2,691,105	53,642	28,646	32.70
2012	4,744,183	1,007,276	3,174,917	2,576,542	54,983	27,324	31.30
2013	5,147,040	179,580	3,885,541	1,441,079	56,357	25,860	17.53
2014	5,296,807	2,454,741	4,368,969	3,382,579	57,766	24,470	41.13
2015	4,612,345	171,882	5,825,618	(1,041,391)	59,210	23,008	(12.67)

State of California Wastewater Construction Loan

	Wastewater Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		
					Principal	Interest	Coverage
2006	\$ 2,751,242	\$ 3,594,248	\$ 2,566,867	\$ 3,778,623	\$ 404,821	\$ 249,110	5.78
2007	2,901,495	1,059,655	2,273,227	1,687,923	415,752	238,179	2.58
2008	3,157,260	1,367,414	2,943,791	1,580,883	426,977	226,954	2.42
2009	3,373,740	173,703	2,592,028	955,415	510,331	230,967	1.29
2010	3,420,812	433,554	2,072,946	1,781,420	510,913	217,172	2.45
2011	3,581,786	61,624	2,315,643	1,327,767	524,709	203,005	1.82
2012	3,733,430	5,905	2,904,004	835,331	538,876	188,455	1.15
2013	3,996,640	5,127	2,422,454	1,579,313	553,426	173,513	2.17
2014	4,286,228	1,630,089	2,480,480	3,435,837	568,368	158,167	4.73
2015	4,150,773	70,143	2,584,479	1,636,437	583,714	142,407	2.25

Note: Water and wastewater revenues include operating revenues, interest revenues, and capital impact fees.

Operating expenses exclude depreciation and amortization

Source is the City of American Canyon Comprehensive Annual Financial Report.

Schedule 15
City of American Canyon
Demographic and Economic Statistics
For The Last ten Calendar Years

<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Median Household Income</u>	<u>Unemployment Rate</u>
2006	14,879	339,580	42,720	6.30%
2007	15,911	379,118	47,491	6.60%
2008	16,241	390,752	50,817	8.20%
2009	16,521	385,465	58,014	13.80%
2010	16,836	441,591	67,996	15.50%
2011	19,809	490,649	48,009	14.30%
2012	19,862	517,643	51,253	9.60%
2013	20,001	539,507	83,581	8.20%
2014	19,989	563,790	83,609	6.50%
2015	20,149	not available	81,955	5.70%

Data Sources:

California Department of Finance (population from Gann Limit information)

U.S. Bureau of Economic Analysis for Napa County by Calendar Year www.bea.gov

U.S Census Bureau Community Survey 5-yr Estimates

Schedule 16
City of American Canyon
Principal Employers (Ten Largest)
Calendar Year 2015 vs Calendar Year 2006

<u>Employer</u>	<u>2015</u>			<u>2006</u>		
	<u>Rank</u>	<u>Number Employees</u>	<u>Percentage of Total City Employment</u>	<u>Rank</u>	<u>Number Employees</u>	<u>Percentage of Total City Employment</u>
Walmart Supercenter	1	499	5.09%			
G.L. Mezzetta, Inc.	2	340	3.47%	1	130	2.55%
Napa Valley Unified School District (AC)	3	308	3.14%			
Coca-Cola Amcan Beverages	4	149	1.52%			
Safeway Inc. #1883	5	113	1.15%	2	125	2.45%
McGrew Behavior Intervention Svcs., Inc.	6	100	1.02%			
City of American Canyon	7	77	0.79%	5	72	1.41%
Petrochem Insulation, Inc.	8	75	0.77%			
BVK Gaming Inc. Napa Valley Casino	9	72	0.73%			
Wallaby Yogurt Company, Inc.	10	72	0.73%			
Pokka USA				1	130	2.55%
Ramallah, Inc.				3	120	2.35%
Sutter Home Winery, Inc.				6	55	1.08%
C.L. Skaggs Trucking Co.				7	50	0.98%
Culligan				8	45	0.88%
Diablo Timber				9	45	0.88%
All Bay Mill & Lumber Co.				10	35	0.69%

Schedule 17
City of American Canyon
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Administration										
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Manager	2.10	2.10	2.10	2.10	1.85	2.15	2.15	2.15	2.15	2.55
City Clerk	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.65
Human Resources		1.50	2.00	2.00	2.00	2.00	1.50	1.50	0.00	0.00
Administrative Services										
Human Resources									1.50	2.20
Finance	6.90	4.90	4.90	4.90	4.90	4.60	4.60	4.60	4.60	4.30
Information Systems	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.00
Utility	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.40
Public safety:										
Police	2.00	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Non Departmental	1.00	0.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Community development:										
Planning	2.00	2.00	2.20	2.20	2.20	1.60	1.60	1.60	1.60	3.25
Building and safety	6.50	6.50	8.00	8.00	8.00	3.25	3.25	3.25	3.25	3.25
Economic Development	0.70	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.54
Housing Services	0.00	0.30	0.60	0.60	0.60	0.10	0.10	0.10	0.10	0.00
City Engineer						1.30	1.30	1.30	1.30	
Affordable Housing					0.25	0.25	0.25	0.25	0.25	0.10
Parks and Recreation:										
Park Maintenance	6.55	6.55	5.95	5.95	5.75	5.20	5.35	5.20	5.35	5.40
Park & Recreation Programs	2.50	2.50	3.30	3.30	2.90	2.75	2.80	2.75	2.80	2.20
Recreation Program & Events										1.80
Aquatics Programs	2.20	2.20	2.30	2.30	2.30	2.30	2.30	2.30	2.30	1.60
Building & Equipment Maintenance	2.00	2.00	2.05	1.00	1.10	1.15	1.20	1.20	1.20	
Public Works:										
Administration			4.00	4.00	4.00	4.00	3.90	3.90	3.90	3.50
Engineering	2.80	2.80	1.65	1.65	1.90					
Street Maintenance	4.70	4.70	5.85	5.85	5.35	3.45	3.45	3.45	3.45	2.90
Storm Drain	1.30	1.30	1.95	1.95	2.35	1.55	1.95	1.95	1.95	2.00
Capital Projects						2.00	1.60	1.60	1.60	3.00
Fleet				1.05	1.40	1.10	1.10	1.10	1.10	
Ctiy Engineer										1.00
Water:										
Treatment and Distribution	10.20	10.20	9.75	9.75	9.85	9.10	9.05	9.05	9.05	9.08
Wastewater:										
Collection and Treatment	8.30	8.40	9.85	9.35	8.25	12.60	12.00	12.00	12.00	12.23
Storm Water Quality	1.05	1.05	0.35	0.50	0.50	0.45	0.45	0.45	0.45	0.00
Solid Waste				0.35	0.35	0.35	0.35	0.35	0.35	0.35
Internal Service:										
Building Maintenance										1.00
Fleet Operations										1.10
Information Systems										0.10
Totals	72.60	72.20	81.00	81.00	80.00	75.50	74.50	74.30	74.50	77.50

Source: Human Resources Department

Schedule 18
City of American Canyon
Operating Indicators by Function/Program
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Physical arrest	695	446	520	595	543	614	701	842	790	471
Traffic violations	2,377	1,557	2,035	1,897	1,817	1,748	2,001	1,639	1,336	971
Fire:										
Emergency responses	1,240	1,266	1,320	1,393	1,355	1,286	1,441	1,437	1,449	1,627
Structure Fires	25	17	29	20	10	16	14	6	6	17
Fire Loss (Thousand \$)	455	825	400	285	279	19	72	-	-	-
Fire Engines	8	8	8	6	6	6	6	6	6	6
Inspections	264	374	171	184	261	218	279	264	199	229
Construction Inspection	800	135	120	103	111	75	111	108	50	44
Planning:										
Building permits issued	226	273	375	352	327	285	296	299	360	520
Public works:										
Miles streets resurfaced	-	-	1.56	0.77	0.51	-	0.12	-	-	1.75
Parks:										
Community events held	17	17	19	19	24	22	26	35	37	41
Swimming pool admissions	21,005	21,000	20,000	21,480	18,494	16,063	15,313	16,261	47,720	48,222
Water:										
Number of new services	708	423	668	732	761	711	697	633	493	402
Daily average water production in MGD	3.12	3.12	3.53	3.20	2.84	2.87	2.95	3.10	3.15	2.87
Daily average water consumption in MGD	3.93	3.93	4.06	2.88	2.46	2.67	2.73	2.94	2.89	2.39
Wastewater:										
Daily average treatment in millions gallons(MGD)	1.69	1.48	1.55	1.54	1.54	1.71	1.65	1.61	1.62	1.54

Schedule 19
City of American Canyon
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	12	12	12	12	12	12	13	15	19
Fire										
Stations	1	2	2	2	2	2	2	2	2	2
Engines	8	8	8	8	8	8	8	8	8	8
Public works:										
Miles of streets	6.4	9.5	14.2	14.2	38.1	38.1	38.1	38.1	38.1	38.1
Streetlights	969	1,062	1,233	1,233	1,233	1,233	1,233	1,233	1,233	1,233
Traffic signals	3	4	4	4	4	4	4	4	4	4
Parks and recreation:										
Community centers	2	2	2	2	3	3	3	3	3	3
Parks	18	20	22	22	22	22	22	22	22	22
Park acreage	70	75	79	79	79	79	79	79	79	79
Water:										
Miles of mains added	5	5	7	8	-	-	-	-	-	-
Number of services billed	4,759	4,914	5,147	5,208	5,232	5,455	5,529	5,565	5,593	5,594
Maximum plant capacity in million gallons	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Storage capacity in million gallons	4.81	4.81	4.81	4.81	4.81	4.81	4.70	4.70	4.70	4.70
Wastewater:										
Miles of sewers added	5	5	5	5	-	-	-	-	-	-
Number of services billed	4,386	4,562	4,667	4,738	4,809	4,856	4,910	4,971	4,983	5,004
Maximum plant capacity in million gallons	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Recycled Water:										
Miles of pipelines added	0.28	0.35	2.53	0.00	2.45	0.00	0.00	0.00	0.00	0.00
Number of services billed		1	1	1	3	12	12	13	15	20
Storage capacity in million gallons					1.00	1.00	1.00	1.00	1.00	2.50

Source: Various departments within the City of American Canyon