

CITY OF AMERICAN CANYON AND AMERICAN CANYON FIRE PROTECTION DISTRICT COMPREHENSIVE ANNUAL FINANCIAL REPORT *for the fiscal year ended June 30, 2017*



Clockwise from top left: 1. Fresh vegetables at the American Canyon Farmers' Market 2. Reclaimed water purple pipe installation 3. American Canyon Wetlands 4. Newell Open Space Preserve 5. Water conservation at City parks 6. New development in American Canyon 7. Bicycling at the Wetlands Edge Trail 8. Kimberly Park renovation

American Canyon, California
www.cityofamericancanyon.org

American Canyon, California



Napa County

City of
American
Canyon



CITY OF AMERICAN CANYON AND AMERICAN CANYON FIRE PROTECTION DISTRICT COMPREHENSIVE ANNUAL FINANCIAL REPORT *for the fiscal year ended June 30, 2017*

Prepared by the Finance Department

CITY OF AMERICAN CANYON
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2017

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Introductory Section



January 29, 2018

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, 2017. The fiscal year covers financial transactions from July 1, 2016 to June 30, 2017 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.

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, 2017, 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 ("clean" opinion) that the City of American Canyon's financial statements for the fiscal year ended June 30, 2017 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, 2017 was estimated to be 20,570 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 selected annually by the Council. The non-partisan Mayor and City Council members serve staggered four year terms. 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.

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; short and long-range community planning; operation of water and wastewater utilities; and more. 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 City Council's Finance 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.

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 more than 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 Napa Valley, 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 addition to the tourism related economic benefits of proximity to the Napa Valley, American Canyon benefits tremendously as a wine processing hub. Because of our strategic location at the southern end of Napa County and with easy access to state and interstate highways, American Canyon's industrial district is home to millions of square feet of wine processing, bottling, storage and shipping space. Demand for space in this area is very high, with very little vacancy and new development underway.

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 minimize reductions in 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.

The City subsequently benefited from modest 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 were slowly restored as revenue growth allows. The 2015-16 fiscal year marked the final year of this successful plan.

In 2013-14 the City Council anticipated that General Fund *expenditures* would exceed *revenues* by \$167,000 in 2013/14; *expenditures* would again exceed *revenues* by \$127,000 in 2014-15, and would fully balance in 2015-16. However, I am 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. The 2015-16 fiscal year results showed the General Fund balance decreased by \$1.18 million. However, this is a result of one-time transfers in the amount of \$2.036 million; eliminating the impact of these transfers would have resulted in an increase in fund balance by \$848,000. Finally, 2016-17 resulted in \$1.5 million decrease due to a combination of revenues coming in approximately \$680,000 under budget and a planned increased investment in the City's Parks and Recreation activities.

Revenues in the City's General Fund declined in fiscal year 2016-17 after four years of sustained growth. For fiscal year 2016-17, General Fund revenues including transfers in for support services are \$19.7 million, down from \$20.7 million for the 2015-16 fiscal year.

Although the City is seeing small increases in many areas, residential property values are growing and property taxes, which make up more than 50% of total general fund revenues, and are critical to supporting the cost of essential services provided by the City, increased by 3.0% during the audit year, and are projected to increase an additional 7.7% in the 2017-18 fiscal year. There is growing 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.

While the local economy has been stable for the last several years, the impacts of the change in Presidential administration, including potential shifts in federal spending, are far from known. The City developed the 2017-18 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 City's budget.

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:

- ✓ Devlin Road Connection - In 2015 the City undertook a design project to construct a major connector from Devlin Road to Green Island Road. These two roads serve our growing industrial area on the north side of the City. When the City completes this section of Devlin Road, and when the County of Napa constructs one additional segment of Devlin Road north of American Canyon, Devlin Road will serve as a continuous parallel route to Highway 29 from Napa to American Canyon. This will help keep truck traffic off Highway 29 and ease congestion during peak times. The City anticipates beginning construction on this project in 2018.
- ✓ 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 proposed Broadway District Specific Plan (BDSP) is intended to transform this auto-oriented highway commercial district into a livable, mixed use, small town neighborhood; and improve the City's image by supporting quality development. The BDSP plan has been drafted and is anticipated to be approved in 2018.
- ✓ Green Island Road Reconstruction – Green Island Road is the only road currently serving the Green Island industrial district in the north portion of American Canyon. This road was originally constructed more than 40 years ago and receives heavy truck traffic. In 2015, the City began the design to completely reconstruct this road to meet current needs. This project, which will be constructed in conjunction with the Devlin Road project noted above, will begin construction in 2018.
- ✓ Valley View Senior Affordable Housing Project - The City of American Canyon has partnered with Satellite Affordable Housing Associates to construct rental housing affordable to 70 low-income seniors and veterans in American Canyon. This project will help fill a gap in the availability of affordable homes specifically designed for seniors and veterans and will include on-site support services. This project broke ground in 2017 and is expected to be completed in 2018.

Water Supply

The critical droughts from 2013-2015 brought to the forefront the City's need to continue to seek out permanent, reliable water sources to serve our residents and businesses. 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 are able to provide treated water supplies if necessary.

The City's recently updated Urban Water Management Plan demonstrates that the City has sufficient water to meet projected needs in the next 20 years. However, the City could benefit from a greater variety of water sources, better water quality, and less expensive water sources. As such, the City is pursuing several important options, including participation in new, regional surface water projects and potable re-use of recycled water from our Water Reclamation Facility. In recent years, the City has invested heavily in maximizing both the water quality and quantity of recycled water produced at the Water Reclamation Facility, and have been successful in reducing demand for potable water by as much as 450 acre feet per year through conversion of potable water uses for irrigation to recycled water and permanent changes to landscape and irrigation techniques. In 2018, the City will continue its efforts to maximize the use of recycled water and will construct main line extensions on Spikerush Circle, Benton Way, Dodd Court, and Klamath Court.

In addition, in 2017 the City joined as a member of the Sites Reservoir Project. The Sites Project is a new proposed "off-stream" water storage reservoir that would hold approximately 1.8 million acre feet. In 2018, the City will continue to participate on the project team that is pursuing funding and ultimately, construction of this new water supply project.

Cash Resources

The City ended the fiscal year with cash and investments totaling \$35.0 million with \$29.2 million available for City operations. Total investments at fiscal year-end, which includes investments held by the City and investments held by fiscal agents, includes the State of California Local Agency Investment Fund, \$18.4 million; Money Market Mutual Funds, \$0.7 million; U.S. Government Treasury, 4.9 million; and Agency Securities, \$5.8 million; U.S. Corporate Notes, \$3.3 million; and the remainder in demand deposits, commercial paper, and asset backed securities. 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.

Postemployment 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). 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. During 2017, the City completed negotiations with employees to reduce post-employment medical insurance benefits to future employees as they retire, resulting in a decrease in long-term liability.

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, 2016. 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.

The City was awarded the Distinguished Budget Presentation Award by the GFOA and an Operating Budget Excellence Award by the California Society of Municipal Finance Officers for its fiscal year 2016-2017 Annual Budget. These prestigious awards recognize conformance with the highest budget standards and are awarded based on both content and presentation criteria. These awards are valid for a period of one year only.

Acknowledgements

The preparation of this report would not have been possible without the capable and dedicated services of the Finance Team. 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,



Jason B. Holley
Interim City Manager



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, 2016

Executive Director/CEO

CITY OF AMERICAN CANYON

PRINCIPAL OFFICIALS

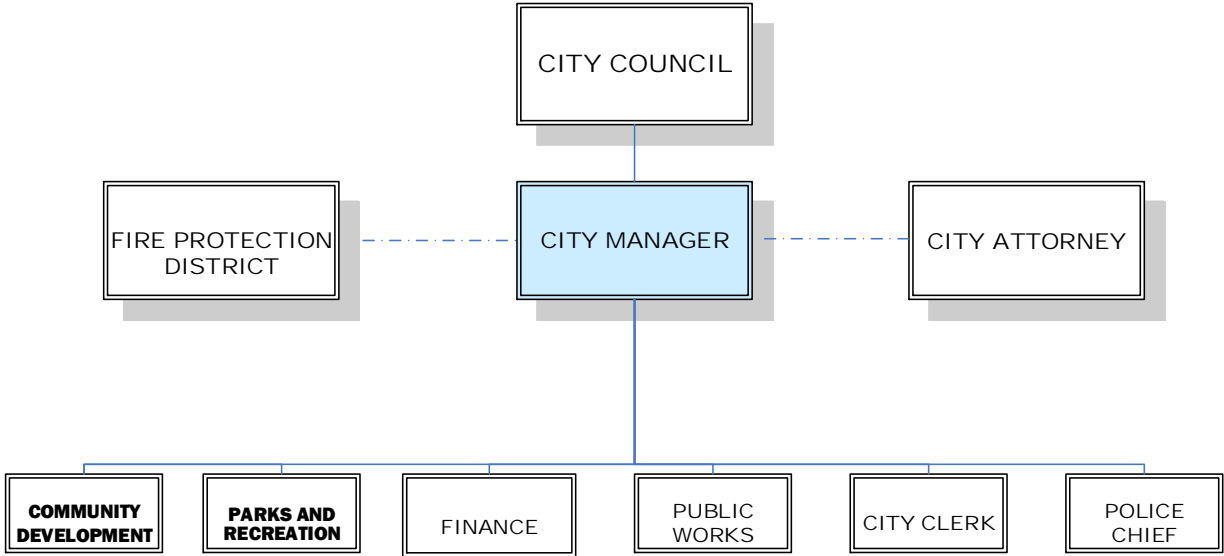
YEAR ENDED JUNE 30, 2017

CITY COUNCIL

Mayor	Leon Garcia
Vice Mayor.....	Mark Joseph
Council Member	Mariam Aboudamous
Council Member	Kenneth Leary
Council Member	David Oro

ADMINISTRATIVE PERSONNEL

City Manager / City Clerk	Jason Holley, Interim
Police Chief	Tracey Stuart
Fire Chief	Glen Weeks
City Attorney	William Ross
Finance Director.....	Christina Roybal
Public Works Director.....	Steve Hartwig, Interim
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, 2017, 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.

To the City Council
City of American Canyon, California

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, 2017, 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, Storm Drainage Special Revenue Fund and CDBG Loan Development Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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 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, 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 budgetary comparisons other than the General Fund and Major Special Revenue Funds, and combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the financial statements as a whole.

To the City Council
City of American Canyon, California

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

January 29, 2017

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, 2017. Please read it in conjunction with the City's audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by about \$2.8 million over the course of this year's operations after conducting all City operations and programs. The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$342.7 million at the end of the 2017 fiscal year. Of that amount, \$11.9 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 \$19.0 million at June 30, 2017, a decrease of \$2.8 million compared to the prior year. Of these fund balances, \$0.7 million is non-spendable, \$7.5 million is restricted, \$7.5 million is committed, \$5.2 million is assigned, and negative \$1.8 million is unassigned.
- Overall, city-wide revenues from all governmental and business-type activities were \$44.1 million, a decrease of about \$0.3 million compared to the prior year. This amount includes \$3.1 million from grants and capital contributions.
- The City's total expense for all programs in fiscal 2017 was \$41.2 million, an increase of \$0.3 million compared to the prior year.
- The General Fund ended fiscal 2017 with a fund balance of \$8.4 million, a decrease of \$1.5 million compared to the prior year. The Fire District Operations Fund ended fiscal 2017 with a \$5.2 million fund balance, an increase of approximately \$0.4 million compared to the prior year. The Affordable Housing Capital Projects fund ended fiscal 2017 with a fund balance of negative \$1.1 million, a decrease of \$2.1 million compared to the prior year. The CDBG Loan Development Special Revenue fund ended fiscal 2017 with a fund balance of \$28,488, an increase of \$0.1 million compared to the prior year. Other Governmental Funds reported a cumulative fund balance of \$6.6 million available for special purposes; primarily infrastructure and capital asset additions.
- The City ended fiscal 2017 with \$12.4 million of available net position in its enterprise funds consisting of restricted and unrestricted net position. Internal Service Funds ended fiscal 2017 with a cumulative fund balance of \$0.9 million, an increase of \$0.1 million compared to the prior year.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- *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.

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

	Fund Statements		
	Government-Wide Statements	Governmental Funds	Proprietary Funds
Scope	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
Required financial statements	<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
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	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
Type of inflow/outflow information	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* 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*.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Over time, an increase or decrease 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 Fund*, *Fire District Operations*, *Affordable Housing-Capital Projects*, and *CDBG Loan Development* 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 also 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 one 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 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

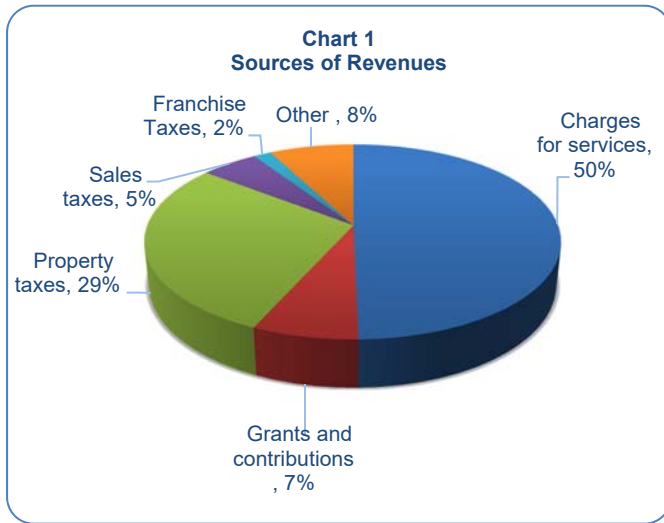
Net Position. As summarized in Table A-1 below, the City's *combined* net position increased \$2.9 million between fiscal years 2016 and 2017.

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

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2016	2017	2016	2017	2016	2017	2016-2017
Current and other assets	28.3	29.6	12.2	15.0	40.5	44.6	10.3%
Capital assets	272.6	271.8	58.7	56.7	331.3	328.5	-0.9%
Total assets	300.9	301.4	70.9	71.7	371.8	373.1	0.4%
Deferred Outflow of Resources	1.5	3.6	0.3	0.7	1.8	4.4	142.3%
Long-term debt outstanding	19.6	21.1	9.8	9.0	29.4	30.1	2.5%
Other liabilities	1.5	2.5	0.4	0.9	1.9	3.4	78.3%
Total liabilities	21.1	23.6	10.2	9.9	31.3	33.5	-3.7%
Deferred Inflows of Resources	1.9	0.9	0.6	0.3	2.5	1.3	-49.6%
Net investment in capital assets	264.4	264.2	50.6	49.7	315.0	313.9	-0.3%
Restricted	13.0	13.9	2.8	3.0	15.8	16.9	6.8%
Unrestricted	2.1	2.5	7.0	9.5	9.1	12.0	31.1%
Total net position	279.5	280.6	60.4	62.2	339.9	342.8	0.8%

Net position of the City's governmental and business-type activities increased 0.8% to \$342.8 million. Approximately 92% of the City's net assets are invested in capital assets such as buildings, land, equipment and facilities. The remaining 8% is essentially represented by cash, investments and receivables. About 90% of the City's total liabilities are represented by long-term obligations including pension liabilities, lease revenue bonds, capital leases and loans from the State of California.

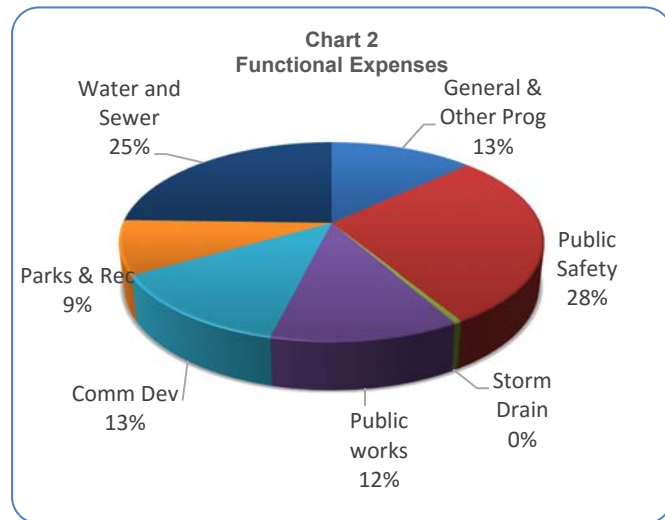
MANAGEMENT'S DISCUSSION AND ANALYSIS



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 9, revenues for fiscal 2017 totaled \$44.1 million, a decrease of \$0.3 million or 0.7% from the prior year. Charges for Services increased by \$2.5 million or 13%. Of this amount approximately \$700 thousand was due to a full year impact of the new Water Surcharge implemented in the City's business-type activities which became effective during fiscal 2016. Grants and Contributions decreased by \$2.4 million or 44%. This was due to the Kimberly Flood Control, Clean Water & Park Improvement project reimbursed by the Measure A Fund

and the Napa Junction Project which were completed and reimbursed in fiscal 2016. The City's primary source of discretionary revenue is property taxes which totaled \$12.7 million or 29% of total revenues for the year and increased by 3% over fiscal year 2016 due to continued improvement in assessed valuation. Property tax growth was negatively impacted by a one-time, multi-year exemption refund issued by the County Assessor during fiscal 2017. General Fund sales tax revenue decreased by \$0.3 million to \$2.3 million in fiscal 2017 due to one-time sales tax distributions made in fiscal 2016 as part of the wind-down of the Sales Tax Triple Flip. Approximately \$11.5 million or 26% of all City revenues were generated from water and wastewater service fees and capacity fees.

The total cost for all programs and services in fiscal 2017 was \$41.2 million which include a wide range of services such as 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 2017, expenses increased by \$1.3 million or 3%. In fiscal 2017 Community Development expenses increased by \$2.5 million or 89%. This increase was primarily due to the \$2.7 million loan to Satellite Affordable Housing Associates for the Valley View Senior Housing project. When



completed the Valley View Senior Housing Project will provide 70 affordable housing units to senior citizens in need. Parks and Recreation expense increased by \$0.7 million or 24%. This increase was due to an increase in water consumption expense, pool resurfacing, and the addition of two new positions. Public Works expense decreased by \$0.9 million or 15%. This decrease was partially due to capital projects being completed in fiscal 2016 and positions that were not filled in fiscal 2017.

The City's largest operating expense was public safety services. The City's cost to provide police and fire protection services was \$12 million or 28% of the City's total operating expenses followed closely by the water and sewer which collectively comprised 25% of total expenses. Public Works and Storm Drain departments accounted for 12% of expenses, Parks and Recreation 9%, and Community Development 13%. The remaining 13% 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
	2016	2017	2016	2017	2016	2017	2016-2017
Revenues							
Program revenues							
Charges for services	10.1	10.4	9.3	11.5	19.4	21.9	12.9%
Grants and contributions - operating	1.1	1.3	0.7	0.6	1.8	1.9	5.6%
Grants and contributions - capital	1.4	0.9	2.3	0.3	3.7	1.2	-67.6%
General revenues							
Property taxes	12.3	12.7	-	-	12.3	12.7	3.3%
Sales taxes	2.6	2.3	-	-	2.6	2.3	-11.5%
Franchise taxes	0.7	0.7	-	-	0.7	0.7	0.0%
Other	3.3	3.0	0.6	0.4	3.9	3.4	-13.1%
Total revenues	31.5	31.3	12.9	12.8	44.4	44.1	-0.7%
Expenses							
General government	5.3	5.1	-	-	5.3	5.1	-3.8%
Public Safety	12.1	11.6	-	-	12.1	11.6	-4.1%
Public Works	5.9	5.0	-	-	5.9	5.0	-15.3%
Community Development	2.8	5.3	-	-	2.8	5.3	89.3%
Parks and Recreation	2.9	3.6	-	-	2.9	3.6	24.1%
Storm Drain	0.2	0.2	-	-	0.2	0.2	0.0%
Water	-	-	5.4	6.1	5.4	6.1	13.0%
Wastewater	-	-	5.0	4.0	5.0	4.0	-20.0%
Other	0.3	0.3	-	-	0.3	0.3	0.0%
Total expenses	29.5	31.1	10.4	10.1	39.9	41.2	3.3%
Excess (deficiency) before transfers	2.0	0.2	2.5	2.7	4.5	2.9	-35.8%
Transfers	(0.3)	0.9	0.3	(0.9)	-	-	0.0%
Increase(decrease) in net position	1.7	1.1	2.8	1.8	4.5	2.9	-35.8%
Net position, beginning	277.8	279.5	57.6	60.4	335.4	339.9	1.3%
Net position, ending	279.5	280.6	60.4	62.2	339.9	342.8	0.9%

When all operations were concluded, governmental activities created a \$1.1 million increase in net position and business activities increased \$1.8 million for 2017.

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 \$41.2 million, an increase of \$1.3 million, or 3%, over prior year. For governmental activities, overall program costs increased \$1.6 million, or 5%, due to increases in the cost of Community Development and Parks and Recreation. Water and Wastewater expenses decreased \$0.3 million, a 3% decrease.

Governmental Activities

As detailed on the Statement of Activities, the City's governmental program expenses totaled \$31.1 million during the year. Program revenues, including grants, totaled \$12.6 million leaving the City to fund the balance of \$18.5 million with general revenues. Program revenues remained constant while expenses increased \$1.6 million over the prior year. \$10.4 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 \$2.2 million to financially support the programs.

Business-Type Activities

At 2017 fiscal year-end, the net position for the City's enterprise funds or business-type activities, the City's Water and Wastewater funds, increased by \$1.8 million over the prior year. In fiscal 2017, charges for services increased approximately \$2.2 million or 23.7% compared to the prior year. Water revenues increased 29.3% compared to 2016. Approximately \$700 thousand of this increase was primarily due to realizing a full year's impact of the new \$2 per unit surcharge approved by City Council that went into effect in fiscal 2016. Wastewater service charges increased by 11.6% compared to the prior year. This increase was due to increased usage during the current fiscal year.

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

	Total Cost of Services		Percentage Change
	2016	2017	2016-2017
Public Safety	12.1	11.6	-4.1%
PW (includes Storm drain)	6.1	5.2	-14.8%
Parks and Recreation	2.9	3.6	24.1%
Community Development	2.8	5.3	89.3%
Water	5.4	6.1	13.0%
Wastewater	5.0	4.0	-20.0%
All other	5.6	5.4	-3.6%
Total	\$ 39.9	\$ 41.2	3.3%

Water fund expenses increased by \$0.7 million or 13.0% compared to fiscal year 2016. This increase was due to the increased demand for water as a result of relaxing water conservation efforts. Wastewater fund expenses decreased by \$1.0 million, or 20.0%. This decrease was largely due to costs associated with the wastewater treatment plan membrane replacement which was completed in fiscal 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At the end of fiscal 2017, the City's governmental funds had a combined fund balance of \$19.0 million, about \$2.8 million less than the prior year. The City's General Fund had a deficit of revenues over expenditures of \$1.7 million before other financing sources. After including inter-fund transfers, the fund ended the year with a deficit of \$1.5 million. The General Fund revenues decreased by \$0.5 million or 2.9% compared to fiscal 2016. Expenditures increased by \$1.2 million, or 6.6% compared to the prior year. The Fire District Operations fund balance increased by \$0.4 million or 8.1% as a result of fiscal 2017 operations. The Affordable Housing Capital Projects fund expenditures increased by \$2.1 million or 146.3%. This significant increase was due to the City's \$2.7 million funding of the Valley View Senior Housing project.

The City's non-major governmental funds ended the fiscal year with a consolidated fund balance of \$6.6 million. The total fund balance of \$6.6 million is restricted with externally enforceable legal restrictions.

The Water and Wastewater enterprise funds ended the year with \$9.8 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, including transfers out, were \$0.5 million less than final budget amounts. The largest cost in the General Fund, public safety remained relatively constant, increasing less than \$0.1 million in fiscal 2017. Overall, fiscal 2017 General Fund expenditures increased by \$1.2 million, or 6.6%, over the prior year to \$19.6 million.

The General Fund's fund balance decreased by \$1.5 million from June 30, 2016 to June 30, 2017. The General Fund's primary source of discretionary revenue is property taxes which totaled \$9.0 million or 50% of total revenues for the year and increased by 3% over the prior year. The increase was less than budgeted growth leaving a \$0.2 million budget shortfall. Property tax growth was negatively impacted by a one-time, multi-year exemption refund issued by the County Assessor during fiscal year 2017. Sales tax revenue was down 11% compared to fiscal 2016 due to the end of the Sales Tax Triple Flip. The decline in sales tax revenues resulted in a \$0.2 million budget shortfall. As a result of the new labor contract, salaries and benefits increased 8%. Measure A administration cost claims were unreimbursed which resulted in a 67% decrease in reimbursement revenues. This was mainly due to lack of capital project eligible for Measure A reimbursement. The entire Pavement Reserve was used to fund the Annual Pavement Management Project.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2017, the City had invested \$328.5 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 \$2.8 million or 0.8% compared to the prior year. Additional information can be found in the notes to the financial statements, Note F – Capital Assets, pages 47-50.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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
	2016	2017	2016	2017	2016	2017	2016-2017
Land	\$ 7.9	\$ 7.9	\$ 2.2	\$ 2.2	\$ 10.1	\$ 10.1	0.0%
Construction in progress	7.5	8.1	2.0	1.3	9.5	9.4	-1.1%
Buildings and Improvements	42.2	40.9	3.1	3.8	45.3	44.7	-1.3%
Machinery and Equipment	1.2	1.6	2.5	2.1	3.7	3.7	0.0%
Water utility system	-	-	28.5	27.3	28.5	27.3	-4.2%
Wastewater system	-	-	20.4	20.0	20.4	20.0	-2.0%
Infrastructure system	213.8	213.3	-	-	213.8	213.3	-0.2%
Total	\$272.6	\$271.8	\$58.7	\$56.7	\$331.3	\$328.5	-0.8%

Long - Term Debt

At the end of fiscal 2017, the City had about \$13.4 million in long-term debt obligations outstanding. Of the \$13.4 million, \$6.8 million relates to the City's business-type activities and the remaining \$6.6 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 \$1.1 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 \$5.1 million capital lease to purchase a commercial office building that was transformed into City Hall; \$0.2 million remaining on a capital lease for the purchase of property bordering City Hall to the north; and a \$0.2 million capital lease to purchase a Vector Truck for sewer, water and storm drain maintenance. Additional information about the City's long-term obligations can be found in the notes to the financial statements, Note G – Long Term Liabilities, pages 50-54.

For business-type activities, major long-term debt year-end balances are comprised of a \$4.1 million State revolving fund loan used for construction of the City's wastewater treatment plant facility; \$0.8 million State loan for water system improvement; a \$1.5 million capital lease for the acquisition and installation of the wastewater treatment membrane; and a \$0.5 million capital lease for the acquisition and installation of the water treatment membranes. The City has no bonded debt outstanding for its business-type activities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Since the end of the great recession, the Napa Valley economy has steadily grown. The local economy is dominated by the wine industry and related tourism; hospitality workers are always in high demand. With unemployment hovering near record lows, new hotels and restaurants opening, and housing costs remaining high, sourcing the workers necessary to fill these newly created positions continues to be a challenge for employers. The unemployment rate in American Canyon was 3.8% while Napa County was 3.3% in November 2017; below the year-ago estimate of 4.3%. This compares with an unadjusted unemployment rate of 4.0% for California and 3.9% for the nation during the same period.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Geographically, American Canyon is located at the southern end of the Napa Valley, north of employment centers in Solano County, and within commuting distance from Marin, Sonoma, Contra Costa, Alameda, San Francisco and other Bay Area cities. As a result, American Canyon's local economy benefits from both the steady demand for employment in Napa County, and the larger technology industry in the entire Bay Area. Housing prices remain comparatively moderate in American Canyon, with a median home price in 2017 of \$522,100 compared to \$605,000 in Napa County and \$742,000 in the larger Bay Area. As a result of the demand for employees and modest housing prices, we expect housing inventory to remain low and prices to steadily increase.

The City of American Canyon's 2017-18 annual budgets reflect these regional expectations as well as an analysis of our local trends. In the last several years, the City has benefitted from increased assessed valuations as the County Assessor has restored much of the value lost during the recession. The sizeable increases experienced in 2014/2015 through 2015/2016 are primarily a result of restored assessed valuations and not from increased market driving values or new construction. Those lost values are nearly all restored slowing assessed valuation growth in future years. Fiscal 2018 property tax growth is estimated to be 5.25%, primarily due to increasing market values (home sales), commercial construction projects already planned and modest 2% growth in base assessed property values. Transient Occupancy Tax revenues continue to increase although not at the rate experienced in prior years. Based on performance in the past few months of fiscal 2018 and conversations with industry experts, Transient Occupancy Tax revenues are projected to increase by 4% in fiscal 2018 and then stabilizing at approximately 2.5 to 3% per year. Unfortunately, sales tax revenues continue to stagnate, resulting in a modest projected increase of less than 2% which takes into account the new retailers in the recently opened Napa Junction 3 retail center.

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 Finance 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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 19,453,224	\$ 9,753,084	\$ 29,206,308
Restricted cash	281,158	3,012,029	3,293,187
Taxes receivable	872,618		872,618
Accounts receivable, net	171,157	2,161,588	2,332,745
Internal balances	(85,737)	85,737	
Interest receivable	68,179	31,845	100,024
Due from other governments	1,185,220		1,185,220
Property held for resale	681,138		681,138
Other assets	307,248		307,248
Loans receivable, net	6,716,225		6,716,225
Capital assets:			
Non-depreciable	178,316,303	3,461,005	181,777,308
Depreciable, net of accumulated depreciation	93,461,582	53,225,261	146,686,843
Total capital assets	<u>271,777,885</u>	<u>56,686,266</u>	<u>328,464,151</u>
TOTAL ASSETS	<u>301,428,315</u>	<u>71,730,549</u>	<u>373,158,864</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	33,338		33,338
Pension	3,609,448	717,791	4,327,239
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>3,642,786</u>	<u>717,791</u>	<u>4,360,577</u>
LIABILITIES			
Accounts payable	1,629,329	619,819	2,249,148
Accrued expenses	595,216		595,216
Accrued interest payable		105,094	105,094
Deposits	259,076	179,497	438,573
Long-term liabilities:			
Due within one year			
Bonds, capital leases and contracts	658,400	1,140,164	1,798,564
Compensated absences	660,822	147,041	807,863
Claims and judgments	786,189		786,189
Due in more than one year			
Bonds, capital leases and contracts	6,963,608	5,792,380	12,755,988
Compensated absences	434,043		434,043
Net OPEB liability	433,928	79,679	513,607
Net pension liability	11,173,560	1,861,088	13,034,648
TOTAL LIABILITIES	<u>23,594,171</u>	<u>9,924,762</u>	<u>33,518,933</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	924,772	335,539	1,260,311
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>924,772</u>	<u>335,539</u>	<u>1,260,311</u>
NET POSITION			
Net investment in capital assets	264,189,215	49,753,722	313,942,937
Restricted for:			
Public safety	785,953		785,953
Public works	5,885,034		5,885,034
Debt service	32,306	74,707	107,013
Community development, planning and building	6,787,240		6,787,240
Capacity expansion		2,937,322	2,937,322
Other activities	417,950		417,950
Unrestricted	2,454,460	9,422,288	11,876,748
TOTAL NET POSITION	<u>\$ 280,552,158</u>	<u>\$ 62,188,039</u>	<u>\$ 342,740,197</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, 2017

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental Activities				
General government	\$ 5,074,386	\$ 724,671	\$ 527,956	
Public safety	11,620,139	1,296,885	153,957	
Public works	5,009,693	1,434,767	236,437	\$ 255,585
Community development	5,282,633	5,351,403	390,880	651,757
Parks and recreation	3,625,019	1,034,664	24,202	
Storm drain	211,600	555,648		
Interest on long-term debt	262,354			
TOTAL GOVERNMENTAL ACTIVITIES	31,085,824	10,398,038	1,333,432	907,342
Business-type activities				
Water	6,107,343	7,066,769	535,451	149,456
Wastewater	4,023,167	4,434,945	44,978	134,944
Total business-type activities	10,130,510	11,501,714	580,429	284,400
TOTAL PRIMARY GOVERNMENT	\$ 41,216,334	\$ 21,899,752	\$ 1,913,861	\$ 1,191,742
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Franchise taxes				
Sales taxes				
Other taxes				
Unrestricted investment earnings				
Other				
Transfers, net				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
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

Governmental Activities	Business-type Activities	Total
\$ (3,821,759)		\$ (3,821,759)
(10,169,297)		(10,169,297)
(3,082,904)		(3,082,904)
1,111,407		1,111,407
(2,566,153)		(2,566,153)
344,048		344,048
(262,354)		(262,354)
(18,447,012)		(18,447,012)
	\$ 1,644,333	1,644,333
	591,700	591,700
	2,236,033	2,236,033
(18,447,012)	2,236,033	(16,210,979)
12,738,881		12,738,881
728,661		728,661
2,301,445		2,301,445
2,347,537		2,347,537
(1,047)	259,149	258,102
543,725	133,776	677,501
868,412	(868,412)	
19,527,614	(475,487)	19,052,127
1,080,602	1,760,546	2,841,148
279,471,556	60,427,493	339,899,049
<u>\$ 280,552,158</u>	<u>\$ 62,188,039</u>	<u>\$ 342,740,197</u>

CITY OF AMERICAN CANYON
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Major Funds		
		Fire District Operations Fund	Affordable Housing Capital Projects	CDBG Loan Development Special Revenue
ASSETS				
Cash and investments	\$ 5,529,455	\$ 5,454,034	\$ 70	\$ 26,142
Restricted cash				
Taxes receivable	820,969	49,128		
Accounts receivable, net	163,069	7,783		
Interest receivable	37,588	11,858	(923)	
Due from other governments	309,900			19,268
Due from other funds	2,425,389	22,807		
Property held for resale	530,868		150,270	
Other assets	5,000	688		
Loans receivable, net	55,725		5,007,953	1,652,547
TOTAL ASSETS	<u>\$ 9,877,963</u>	<u>\$ 5,546,298</u>	<u>\$ 5,157,370</u>	<u>\$ 1,697,957</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 608,142	\$ 259,405	\$ 23	
Accrued expenses	291,790	90,679		
Deposits	259,076			
Due to other funds	22,807		1,276,630	\$ 16,922
TOTAL LIABILITIES	<u>1,181,815</u>	<u>350,084</u>	<u>1,276,653</u>	<u>16,922</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	331,961		5,007,953	1,652,547
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>331,961</u>		<u>5,007,953</u>	<u>1,652,547</u>
FUND BALANCES				
Nonspendable:				
Property held for resale	530,868			
Receivables and other assets	156,369	688		
Restricted for:				
Public safety				
Public works				
Debt service				
Community development				28,488
Other activities	141,751			
Committed	6,117,954	1,347,000		
Assigned	1,201,941	3,848,526		
Unassigned	215,304		(1,127,236)	
TOTAL FUND BALANCES	<u>8,364,187</u>	<u>5,196,214</u>	<u>(1,127,236)</u>	<u>28,488</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	<u>\$ 9,877,963</u>	<u>\$ 5,546,298</u>	<u>\$ 5,157,370</u>	<u>\$ 1,697,957</u>

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

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 7,794,877	\$ 18,804,578
281,158	281,158
2,521	872,618
305	171,157
18,417	66,940
856,052	1,185,220
	2,448,196
	681,138
	5,688
	6,716,225
<u>\$ 8,953,330</u>	<u>\$ 31,232,918</u>
\$ 581,275	\$ 1,448,845
212,747	595,216
	259,076
1,131,837	2,448,196
1,925,859	4,751,333
474,152	7,466,613
474,152	7,466,613
	530,868
	157,057
785,953	785,953
5,942,482	5,942,482
32,306	32,306
	28,488
537,398	679,149
	7,464,954
	5,050,467
(744,820)	(1,656,752)
6,553,319	19,014,972
<u>\$ 8,953,330</u>	<u>\$ 31,232,918</u>

CITY OF AMERICAN CANYON
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2017

Total fund balance, governmental funds \$ 19,014,972

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. 271,777,885

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. 7,466,613

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. 391,224

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.

Prepaid rent	294,000
Long-term debt	(7,622,008)
Compensated absences	(1,094,865)
Other post-employment benefits	(433,928)
Uninsured claims	(786,189)
Net pension liability	(11,173,560)

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. 33,338

Employee pension differences to be recognized in the future as pension expense are reported as deferred inflows of resources on the statement of net position. 2,684,676

NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION \$ 280,552,158

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

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CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2017

	Major Funds			
	General Fund	Fire District Operations Fund	Affordable Housing Capital Projects	CDBG Loan Development Special Revenue
REVENUES				
Property taxes	\$ 9,022,013	\$ 3,683,038		
Sales taxes	2,301,445			
Other taxes	2,698,723	600,105		
Special assessments				
Fines and forfeitures	98,013			
Licenses and permits	460,058			
Intergovernmental	303,894			\$ 437,558
Charges for services	2,300,435	468,899	\$ 160,851	
Use of money and property	212,285	23,093	1,295	
Other	495,490	24,833		4,031
TOTAL REVENUES	17,892,356	4,799,968	162,146	441,589
EXPENDITURES				
Current:				
General government	5,236,934			
Public safety	6,467,153	4,595,406		
Public works	2,249,364			
Community development	2,114,084		2,220,727	307,438
Parks and recreation	3,314,440			
Storm drain	211,593			
Debt Service:				
Principal				
Interest and other charges				
Capital outlay	41,262	455,152		
TOTAL EXPENDITURES	19,634,830	5,050,558	2,220,727	307,438
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,742,474)	(250,590)	(2,058,581)	134,151
OTHER FINANCING SOURCES (USES)				
Transfers in	1,807,243	640,000	31	
Transfers out	(1,599,184)			(1,970)
TOTAL OTHER FINANCING SOURCES AND USES	208,059	640,000	31	(1,970)
NET CHANGE IN FUND BALANCES	(1,534,415)	389,410	(2,058,550)	132,181
Fund balances, beginning of year	9,898,602	4,806,804	931,314	(103,693)
FUND BALANCES, END OF YEAR	\$ 8,364,187	\$ 5,196,214	\$ (1,127,236)	\$ 28,488

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

Other Governmental Funds	Total Governmental Funds
	\$ 12,705,051
\$ 937,012	3,238,457
	3,298,828
549,736	549,736
	98,013
	460,058
947,182	1,688,634
1,982,955	4,913,140
64,859	301,532
25,001	549,355
<u>4,506,745</u>	<u>27,802,804</u>
	5,236,934
	11,062,559
516,217	2,765,581
	4,642,249
300,459	3,614,899
7	211,600
606,187	606,187
291,046	291,046
2,544,021	3,040,435
<u>4,257,937</u>	<u>31,471,490</u>
248,808	(3,668,686)
2,955,985	5,403,259
(2,933,693)	(4,534,847)
22,292	868,412
271,100	(2,800,274)
6,282,219	21,815,246
<u>\$ 6,553,319</u>	<u>\$ 19,014,972</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, 2017**

Net change in fund balances - total governmental funds: \$ (2,800,274)

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	3,283,101
Depreciation expense	(3,709,451)
Disposals and transfers	(160,731)

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.	2,844,142
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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.	597,853
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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.	(228,691)
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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:

Change in prepaid rent	294,000
Compensated absences	4,166
Uninsured claims	122,567
Other post-employment benefits	(82,520)
Change in deferred outflow of resources	2,147,080
Change in net pension obligation	(2,202,332)
Change in deferred inflow of resources	971,692
	971,692

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 1,080,602
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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, 2017

	<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	\$ 9,221,379	\$ 9,221,379	\$ 9,022,013	\$ (199,366)
Sales taxes	2,526,000	2,526,000	2,301,445	(224,555)
Other taxes	2,726,301	2,726,301	2,698,723	(27,578)
Fees and fines	101,000	101,000	98,013	(2,987)
Licenses and permits	472,285	472,285	460,058	(12,227)
Intergovernmental	302,580	302,580	303,894	1,314
Charges for services	2,252,290	2,402,290	2,300,435	(101,855)
Use of money and property	496,492	496,492	212,285	(284,207)
Other	284,726	323,774	495,490	171,716
TOTAL REVENUES	<u>18,383,053</u>	<u>18,572,101</u>	<u>17,892,356</u>	<u>(679,745)</u>
EXPENDITURES				
Current:				
General government	4,771,299	5,148,817	5,236,934	(88,117)
Public safety	6,262,555	6,466,161	6,467,153	(992)
Public works	2,264,382	2,805,635	2,249,364	556,271
Community development	1,993,673	2,199,508	2,114,084	85,424
Parks and recreation	3,287,906	3,568,977	3,314,440	254,537
Storm drain	269,961	269,961	211,593	58,368
Capital outlay			41,262	(41,262)
TOTAL EXPENDITURES	<u>18,849,776</u>	<u>20,459,059</u>	<u>19,634,830</u>	<u>824,229</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(466,723)</u>	<u>(1,886,958)</u>	<u>(1,742,474)</u>	<u>144,484</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,415,888	2,554,426	1,807,243	(747,183)
Transfers out	(1,941,212)	(1,599,183)	(1,599,184)	(1)
Proceeds from sale of assets	9,000	9,000		(9,000)
TOTAL OTHER FINANCING SOURCES AND USES	<u>483,676</u>	<u>964,243</u>	<u>208,059</u>	<u>(756,184)</u>
NET CHANGE IN FUND BALANCES	16,953	(922,715)	(1,534,415)	(611,700)
Fund balances, beginning of year	<u>9,898,602</u>	<u>9,898,602</u>	<u>9,898,602</u>	
FUND BALANCES , END OF YEAR	<u>\$ 9,915,555</u>	<u>\$ 8,975,887</u>	<u>\$ 8,364,187</u>	<u>\$ (611,700)</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 3,643,910	\$ 3,807,819	\$ 3,683,038	\$ (124,781)
Other taxes	590,000	597,000	600,105	3,105
Charges for services	162,500	466,500	468,899	2,399
Use of money and property	11,500	21,500	23,093	1,593
Other	24,400	49,400	24,833	(24,567)
TOTAL REVENUES	<u>4,432,310</u>	<u>4,942,219</u>	<u>4,799,968</u>	<u>(142,251)</u>
EXPENDITURES				
Current:				
Public safety	4,482,160	4,720,160	4,595,406	124,754
Capital outlay	745,000	767,300	455,152	312,148
TOTAL EXPENDITURES	<u>5,227,160</u>	<u>5,487,460</u>	<u>5,050,558</u>	<u>436,902</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>(794,850)</u>	<u>(545,241)</u>	<u>(250,590)</u>	<u>294,651</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	640,000	640,000	640,000	
TOTAL OTHER FINANCING SOURCES AND USES	<u>640,000</u>	<u>640,000</u>	<u>640,000</u>	
NET CHANGE IN FUND BALANCES	(154,850)	94,759	389,410	294,651
Fund balances, beginning of year	<u>4,806,804</u>	<u>4,806,804</u>	<u>4,806,804</u>	
FUND BALANCES, END OF YEAR	<u>\$ 4,651,954</u>	<u>\$ 4,901,563</u>	<u>\$ 5,196,214</u>	<u>\$ 294,651</u>

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

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, 2017

	<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	\$ 456,748	\$ 1,456,748	\$ 437,558	\$ (1,019,190)
Use of money and property	75	75		(75)
Other			4,031	4,031
TOTAL REVENUES	<u>456,823</u>	<u>1,456,823</u>	<u>441,589</u>	<u>(1,015,234)</u>
EXPENDITURES				
Current:				
Community development	389,990	409,990	307,438	102,552
Capital outlay	-	980,000	-	980,000
TOTAL EXPENDITURES	<u>389,990</u>	<u>1,389,990</u>	<u>307,438</u>	<u>1,082,552</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>66,833</u>	<u>66,833</u>	<u>134,151</u>	<u>67,318</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,833)	(8,265)	(1,970)	(6,295)
TOTAL OTHER FINANCING SOURCES AND USES	<u>(6,833)</u>	<u>(8,265)</u>	<u>(1,970)</u>	<u>(6,295)</u>
NET CHANGE IN FUND BALANCES	60,000	58,568	132,181	73,613
Fund balances, beginning of year	<u>(103,693)</u>	<u>(103,693)</u>	<u>(103,693)</u>	
FUND BALANCES , END OF YEAR	<u>\$ (43,693)</u>	<u>\$ (45,125)</u>	<u>\$ 28,488</u>	<u>\$ 73,613</u>

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

CITY OF AMERICAN CANYON
Statement of Net Position
Proprietary Funds
June 30, 2017

	Business Type Activities-			Governmental
	Enterprise Funds			Activities-
	Water	Wastewater	Total	Internal Service
				Funds
ASSETS				
Current assets:				
Cash and investments	\$ 4,513,020	\$ 5,240,064	\$ 9,753,084	\$ 648,646
Accounts receivable, net	1,429,656	731,932	2,161,588	
Interest receivable	18,340	13,505	31,845	1,239
Prepaid expenses				7,560
Total current assets	<u>5,961,016</u>	<u>5,985,501</u>	<u>11,946,517</u>	<u>657,445</u>
Non-current assets:				
Restricted cash	2,937,322	74,707	3,012,029	
Advances to other funds		5,974,306	5,974,306	
Capital assets:				
Non-depreciable	1,599,448	1,861,557	3,461,005	
Depreciable, net of accumulated depreciation	27,866,538	25,358,723	53,225,261	832,297
Total non-current assets	<u>32,403,308</u>	<u>33,269,293</u>	<u>65,672,601</u>	<u>832,297</u>
TOTAL ASSETS	<u>38,364,324</u>	<u>39,254,794</u>	<u>77,619,118</u>	<u>1,489,742</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension	<u>324,314</u>	<u>393,477</u>	<u>717,791</u>	<u>74,530</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	514,271	105,548	619,819	180,484
Accrued interest payable		105,094	105,094	
Deposits	135,312	44,185	179,497	
Compensated absences, current portion	68,885	78,156	147,041	19,656
Bonds, notes and loans payable, current portion	229,089	911,075	1,140,164	30,000
Total current liabilities	<u>947,557</u>	<u>1,244,058</u>	<u>2,191,615</u>	<u>230,140</u>
Non-current liabilities:				
Advances from other funds	5,974,306		5,974,306	
Bonds, notes and loans payable	1,176,907	4,615,473	5,792,380	198,188
Net OPEB liability	31,368	48,311	79,679	2,388
Net pension liability	879,196	981,892	1,861,088	187,185
Total non-current liabilities	<u>8,061,777</u>	<u>5,645,676</u>	<u>13,707,453</u>	<u>387,761</u>
TOTAL LIABILITIES	<u>9,009,334</u>	<u>6,889,734</u>	<u>15,899,068</u>	<u>617,901</u>
DEFERRED INFLOW OF RESOURCES				
Pension	<u>121,004</u>	<u>214,535</u>	<u>335,539</u>	<u>40,919</u>
NET POSITION				
Net investment in capital assets	28,059,990	21,693,732	49,753,722	604,109
Restricted for:				
Debt service		74,707	74,707	
Capacity expansion	2,937,322		2,937,322	
Unrestricted	<u>(1,439,012)</u>	<u>10,775,563</u>	<u>9,336,551</u>	<u>301,343</u>
TOTAL NET POSITION	<u>\$ 29,558,300</u>	<u>\$ 32,544,002</u>	<u>62,102,302</u>	<u>\$ 905,452</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.			<u>85,737</u>	
TOTAL NET POSITION PER GOVERNMENT-WIDE FINANCIAL STATEMENTS			<u>\$ 62,188,039</u>	

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, 2017

	Business Type Activities		Total	Governmental
	Enterprise Funds			Activities-
	Water	Wastewater		Internal Service
			Funds	
OPERATING REVENUES				
Charges for services	\$ 7,147,291	\$ 4,434,945	\$ 11,582,236	\$ 1,385,982
Other	57,657	116,722	174,379	
TOTAL OPERATING REVENUES	<u>7,204,948</u>	<u>4,551,667</u>	<u>11,756,615</u>	<u>1,385,982</u>
OPERATING EXPENSES				
Employee services	1,155,768	1,202,687	2,358,455	254,928
Maintenance and operations	3,352,458	1,144,791	4,497,249	834,212
Depreciation	1,507,067	1,538,588	3,045,655	168,536
TOTAL OPERATING EXPENSES	<u>6,015,293</u>	<u>3,886,066</u>	<u>9,901,359</u>	<u>1,257,676</u>
OPERATING INCOME (LOSS)	<u>1,189,655</u>	<u>665,601</u>	<u>1,855,256</u>	<u>128,306</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	61,188	157,358	218,546	3,560
Other revenue	367,745		367,745	
Operating grants and contributions	167,706	44,978	212,684	
Interest expense	(190,741)	(157,301)	(348,042)	(7,615)
Gain on disposal of capital assets				25,750
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>405,898</u>	<u>45,035</u>	<u>450,933</u>	<u>21,695</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>1,595,553</u>	<u>710,636</u>	<u>2,306,189</u>	<u>150,001</u>
Capital contributions	149,456	134,944	284,400	
Transfers in		312,036	312,036	15,318
Transfers out	(612,387)	(568,061)	(1,180,448)	(15,318)
CHANGE IN NET POSITION	<u>1,132,622</u>	<u>589,555</u>	<u>1,722,177</u>	<u>150,001</u>
Net position, beginning of year	<u>28,425,678</u>	<u>31,954,447</u>	<u>60,380,125</u>	<u>755,451</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 29,558,300</u>	<u>\$ 32,544,002</u>	<u>62,102,302</u>	<u>\$ 905,452</u>
Change in net position			1,722,177	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>38,369</u>	
CHANGE IN NET POSITION OF BUSINESS TYPE ACTIVITIES			<u>\$ 1,760,546</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, 2017

	<u>Enterprise Funds</u>		<u>Total</u>	<u>Governmental</u>
	<u>Water</u>	<u>Wastewater</u>		<u>Internal Service</u>
				<u>Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 6,486,769	\$ 4,240,614	\$ 10,727,383	
Cash paid to suppliers	(2,740,822)	(899,631)	(3,640,453)	\$ (669,574)
Cash paid to employees and related benefits	(1,238,529)	(1,384,496)	(2,623,025)	(284,567)
Cash (paid) received from interfund services provided	(167,879)	(186,644)	(354,523)	1,385,982
CASH PROVIDED BY OPERATING ACTIVITIES	<u>2,339,539</u>	<u>1,769,843</u>	<u>4,109,382</u>	<u>431,841</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental revenue received	167,706	44,978	212,684	39
Amounts received (paid) to other funds	(465,175)	(403,237)	(868,412)	(36,077)
Other revenues received	367,745		367,745	
CASH PROVIDED (USED) BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	<u>70,276</u>	<u>(358,259)</u>	<u>(287,983)</u>	<u>(36,038)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital expenditures	(288,215)	(766,417)	(1,054,632)	(242,666)
Capital revenues received	149,456	134,944	284,400	
Principal paid on long-term liabilities	(235,158)	(887,477)	(1,122,635)	(29,143)
Proceeds from disposal of capital assets				25,750
Interest paid on long-term liabilities	(190,741)	(178,428)	(369,169)	(7,615)
CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(564,658)</u>	<u>(1,697,378)</u>	<u>(2,262,036)</u>	<u>(253,674)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	50,597	151,358	201,955	2,650
CHANGE IN CASH AND INVESTMENTS	1,895,754	(134,436)	1,761,318	144,779
Cash and investments, beginning of year	5,554,588	5,449,207	11,003,795	503,867
CASH AND INVESTMENTS, END OF YEAR	<u>\$ 7,450,342</u>	<u>\$ 5,314,771</u>	<u>\$ 12,765,113</u>	<u>\$ 648,646</u>
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET POSITION:				
Cash and investments	\$ 4,513,020	\$ 5,240,064	\$ 9,753,084	\$ 648,646
Restricted cash and investments	2,937,322	74,707	3,012,029	
CASH AND INVESTMENTS	<u>\$ 7,450,342</u>	<u>\$ 5,314,771</u>	<u>\$ 12,765,113</u>	<u>\$ 648,646</u>
RECONCILIATION OF OPERATING (LOSS) INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,189,655	\$ 665,601	\$ 1,855,256	\$ 128,306
Adjustments to reconcile operating income (loss) to cash provided by operating activities:				
Depreciation and amortization	1,507,067	1,538,588	3,045,655	168,536
Postemployment benefit accrual	7,004	7,938	14,942	1,370
Change in pension obligation and related deferred inflows (outflows)	(101,832)	(214,512)	(316,344)	(34,721)
Changes in operating assets and liabilities:				
Accounts and other receivables	(718,179)	(311,053)	(1,029,232)	
Prepaid expenses	2,269	2,938	5,207	488
Accounts payable and accrued expenses	442,552	55,578	498,130	164,150
Deposits	(1,064)		(1,064)	
Compensated absences	12,067	24,765	36,832	3,712
CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,339,539</u>	<u>\$ 1,769,843</u>	<u>\$ 4,109,382</u>	<u>\$ 431,841</u>

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, 2017

	Total Agency Funds
ASSETS	
Cash and investments	\$ 1,819,017
Restricted cash and investments	716,425
Taxes receivable	9,675
Interest receivable	3,351
TOTAL ASSETS	\$ 2,548,468
 LIABILITIES	
Agency obligations	\$ 2,548,468
TOTAL LIABILITIES	\$ 2,548,468

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

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 has full accountability for the Authority's fiscal affairs. Management of the City has operational responsibility for the Fire District. 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, 2017

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 revenues and the associated expenditures for fire services provided by the component unit fire protection district. The main sources of revenue are property taxes, assessments, and charges for services.

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

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

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

June 30, 2017

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, 2017

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 position 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, 2017

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. 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. The liability for compensated absences is determined annually.

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 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 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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*. This Statement amends the blending requirements for component units to add an additional criterion that requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member per the articles of incorporation or by-laws and the component unit is included in the financial reporting entity pursuant to provisions in paragraphs 21-37 of Statement 14, as amended. The requirements of this Statement are effective for the years beginning after June 15, 2016.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset (example is decommissioning a water treatment plant). A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for periods beginning after June 15, 2018.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). Topics that may be applicable include criteria for an enterprise fund to blend a component unit, measuring certain money market investments at amortized cost, timing of pension and OPEB liabilities and expenditures under the current financial resources measurement focus, presenting payroll related measures in RSI for OPEB plans, classifying employer paid member contributions for OPEB plans, accounting and financial reporting for multiple-employer defined benefit OPEB Plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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 Affordable Housing Capital Project, State and Federal Grants – City Funds, Zero Water Footprint, Park Improvement and Broadway Property Lease funds had expenditures in excess of the final appropriation for the fiscal year ended June 30, 2017 by \$1,173,827, \$12,123, \$4,355, \$300,000 and \$299, respectively. These over expenditures were funded by available fund balance or current year revenues, except for the Affordable Housing Fund which will be funded by future charges for services.

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.

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

June 30, 2017

NOTE C – CASH AND INVESTMENTS (Continued)

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.

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	\$ 29,206,308
Restricted cash and investments	3,293,187
Total cash and investments of primary government	32,499,495
Cash and investments in Fiduciary Funds	1,819,017
Restricted cash and investments in Fiduciary Funds	716,425
Total cash and investments	\$ 35,034,937

Cash and investments as of June 30, 2017 consist of the following:

Cash on hand	\$ 2,300
Deposits with financial institutions	616,171
Investments:	
Held by City	33,713,541
Held by fiscal agents	702,925
Total cash and investments	\$ 35,034,937

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, 2017

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, 2017

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, 2017

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	\$ 18,397,256			\$ 18,397,256
U.S. Government Agency Obligations	1,572,625	\$ 1,909,717	\$ 2,282,228	5,764,570
U.S. Corporate Obligations	531,811	1,463,112	1,255,472	3,250,395
U.S. Treasury Notes		2,375,186	2,525,791	4,900,977
Asset-Backed Securities	3,997	1,066,164		1,070,161
Commercial paper	303,780			303,780
Money Market Mutual Funds	729,327			729,327
Total investments	21,538,796	6,814,179	6,063,491	34,416,466
Cash on hand	2,300			2,300
Cash in bank	616,171			616,171
Total cash and investments	\$ 22,157,267	\$ 6,814,179	\$ 6,063,491	\$ 35,034,937

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 \$77,616,216,602, 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, 2017, these investments matured in an average of 194 days.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

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, 2017:

Investment Type	Aaa/AAA	Aa 1	Aa 2	Aa 3	P-1	A1, A2, A3	Total
U.S. Government Agencies	\$ 5,764,570						\$ 5,764,570
U.S. Corporate Obligations	377,147	\$ 189,312	\$ 199,397			\$ 2,484,539	3,250,395
Asset-Backed Securities	1,070,161						1,070,161
Commercial paper					\$ 303,780		303,780
Money Market Mutual Funds (U.S. Securities)	729,327						729,327
Totals	<u>\$ 7,941,205</u>	<u>\$ 189,312</u>	<u>\$ 199,397</u>	<u>\$ -</u>	<u>\$ 303,780</u>	<u>\$ 2,484,539</u>	11,118,233
<i>Not rated:</i>							
California Local Agency Investment Fund							18,397,256
Negotiable CD							
<i>Exempt from credit rate disclosure:</i>							
U.S. Treasury Notes							<u>4,900,977</u>
Total investments							<u>\$34,416,466</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, 2017:

Issuer	Investment Type	Reported Amounts
Federal National Mortgage Association	U.S. Government Agencies	\$ 2,199,103
Federal Home Loan Bank	U.S. Government Agencies	2,354,155

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE C – CASH AND INVESTMENTS (Continued)

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, 2017, the City had \$1,317,406 in deposits at banks above the federally insured limit, which are collateralized.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2017:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
U.S. Government Agency Obligations	\$ 5,764,570		\$ 5,764,570	
U.S. Corporate Obligations	3,250,395		3,250,395	
U.S. Treasury Notes	4,900,977		4,900,977	
Asset-Backed Securities	1,070,161		1,070,161	
Commercial paper	303,780		303,780	
Money market funds	729,327		729,327	
Total investments by fair value level	16,019,210	\$ -	\$ 16,019,210	\$ -
Investments uncategorized				
California Local Agency Investment Fund	18,397,256			
	<u>\$ 34,416,466</u>			

All securities classified in Level 2 are valued using pricing models that are based on market data, such as matrix or model pricing, which use standard inputs, which include benchmark yields, reported trades, broker/dealer quotes, issue spreads, two sided markets, benchmark securities, bids, offers and reference data including market research publications.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

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, 2017 were as follows:

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred
General Fund	City Capital Projects Fund	\$ 701,936 (B)
	Lease Revenue Bonds Debt Service Fund	286,038 (C)
	Cabernet Village Lease Debt Service Fund	476,528 (C)
	Broadway Property Lease Debt Service Fund	134,681 (C)
Major Governmental Funds:		
CDBG Loan Development	General Fund	1,939 (A)
	Affordable Housing Capital Project Fund	31 (A)
Major Enterprise Funds:		
Water	General Fund	610,019 (A)
	City Capital Projects Fund	2,368 (B)
Wastewater	General Fund	554,687 (A)
	City Capital Projects Fund	13,374 (B)
Non-major Special Revenue Funds:		
Gas Tax	General Fund	300,000 (A)
	City Capital Projects Fund	296,106 (B)
State Supplemental Law Enforcement	General Fund	129,854 (A)
La Vigne Lighting	General Fund	205 (A)
Storm Drainage Special Revenue	General Fund	193,581 (A)
	City Capital Projects Fund	320,331 (B)
	Wastewater Enterprise Fund	312,036 (D)
Abandoned Vehicle	General Fund	16,957 (A)
State and Federal Grants - City Funds	City Capital Projects Fund	540,281 (B)
Fire Mitigation	Fire Operations	640,000 (B)

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

June 30, 2017

NOTE D – INTERFUND TRANSACTIONS (Continued)

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred
Non-major Capital Projects Funds:		
Traffic Impact	City Capital Projects Fund	\$ 184,342 (B)
Internal Service Funds:		
Building Maintenance	Fleet	6,518 (A)
Building Maintenance	Information technology	4,400 (A)
Fleet	Information technology	4,400 (A)
		\$ 5,730,612

- | | |
|--|--|
| (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 |
|--|--|

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, 2017, the following funds have interfund balances.

Fund Making Loan	Fund Receiving Loan	Amount
General Fund	Major Governmental Funds:	
	Affordable Housing	\$ 1,276,630
	CDGB Loan Development	16,922
	Non-Major Special Revenue Funds:	
	Gas Tax	57,069
	Storm Drainage	575,761
	State and Federal Grants - City Fund	499,007
Fire Operations	Major Governmental Funds:	
	General Fund	22,807
	Total Due To/Due From Other Funds	\$ 2,448,196

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE D – INTERFUND TRANSACTIONS (Continued)

Advances Between Funds

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, 2017, \$5,974,306 was outstanding on this advance, including accrued interest of \$1,067,282. 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.

NOTE E – LOANS RECEIVABLE

At June 30, 2017, the City had the following loans receivable:

BEGIN Program	\$ 8,255,338
Satellite Affordable Housing Association	2,730,000
Mid-Peninsula Housing Coalition Loan	2,227,337
CDBG Housing Rehabilitation Program	760,104
HOME Program	676,491
CalHome Program	215,952
Employee Home Purchase Assistance	55,725
Other	50,616
	<u>14,971,563</u>
Valuation allowance	<u>(8,255,338)</u>
Loans, net	<u><u>\$ 6,716,225</u></u>

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, 2017, residents owed the City \$8,255,338 in loans offered by this program, which includes \$2,816,438 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.

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

June 30, 2017

NOTE E – LOANS RECEIVABLE (Continued)

Satellite Affordable Housing Association Loan

The City made two separate loans to Satellite Affordable Housing Association (SAHA) totaling \$2,730,000 for the development of 70 affordable housing units:

Acquisition and Development: The City loaned \$1,050,000 for the acquisition and \$750,000 for other development costs. The loan carries a 3% interest rate and a 57 year term. As part of the agreement, the City will receive a residual share of the cash flow from the project.

Construction: The City loaned \$930,000 for the construction of the units. The loan carries a 0% interest rate and a 57 year term.

Mid-Peninsula Housing Coalition Loan

The City loaned the Mid-Peninsula Housing Coalition (MPHC) \$2,265,000 at a 0% interest rate 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, 2017, the loan balance was \$2,227,337.

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, 2017, residents owed the City \$760,104 in loans offered by this program, including accrued interest.

HOME Program

The City provides loans to qualified first time buyers through the federally funded HOME Program. Under this program, principal and interest payments are deferred until the loan is refinanced or title to the property changes. These loans carry a 1% interest rate with a maturity of 30 years. As of June 30, 2017, residents owed the City \$676,491 in loans offered by this program, including accrued interest.

CalHome Program

The City operates the CalHome Program to assist with the down payment or rehabilitation of manufactured homes. The loans have no interest and principal payments are deferred until maturity. As of June 30, 2017, residents owed the City \$215,952 in loans offered by this program.

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

June 30, 2017

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, 2017, there were 2 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. As of June 30, 2017, employees owed the City \$55,725 in loans offered by this program.

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 acquisition 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, 2017.

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

June 30, 2017

NOTE F – CAPITAL ASSETS (Continued)

Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance at June 30, 2016	Additions	Retirements	Transfers	Balance at June 30, 2017
<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	7,455,485	\$ 2,544,021	\$ (150,000)	\$(1,696,216)	8,153,290
Total capital assets, not being depreciated	<u>177,618,498</u>	<u>2,544,021</u>	<u>(150,000)</u>	<u>(1,696,216)</u>	<u>178,316,303</u>
Capital assets, being depreciated:					
Buildings and improvements	48,215,224			254,117	48,469,341
Machinery and equipment	7,496,160	739,080	(537,816)		7,697,424
Infrastructure - streets and storm drains	83,453,035			1,205,547	84,658,582
Total capital assets, being depreciated	<u>139,164,419</u>	<u>739,080</u>	<u>(537,816)</u>	<u>1,459,664</u>	<u>140,825,347</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,023,437)	(1,589,903)			(7,613,340)
Machinery and equipment	(6,260,182)	(410,887)	527,085		(6,143,984)
Infrastructure - streets and storm drains	(31,897,781)	(1,708,660)			(33,606,441)
Total accumulated depreciation	<u>(44,181,400)</u>	<u>(3,709,450)</u>	<u>527,085</u>		<u>(47,363,765)</u>
Capital assets being depreciated, net	<u>94,983,019</u>	<u>(2,970,370)</u>	<u>(10,731)</u>	<u>1,459,664</u>	<u>93,461,582</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$272,601,517</u>	<u>\$ (426,349)</u>	<u>\$ (160,731)</u>	<u>\$ (236,552)</u>	<u>\$271,777,885</u>

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE F – CAPITAL ASSETS (Continued)

	Balance at June 30, 2016	Additions	Retirements	Transfers	Balance at June 30, 2017
<u>Business-Type Activities</u>					
Capital assets, not being depreciated:					
Land and improvements	\$ 2,185,901				\$ 2,185,901
Construction in progress	2,002,838	\$ 785,687		\$ (1,513,421)	1,275,104
Total capital assets, not being depreciated	4,188,739	785,687		(1,513,421)	3,461,005
Capital assets, being depreciated:					
Buildings and improvements	6,827,336			823,286	7,650,622
Water treatment and distribution	44,327,001			283,557	44,610,558
Equipment	3,842,540	32,393	\$ (43,623)		3,831,310
Wastewater treatment and collection	33,639,427			643,130	34,282,557
Total capital assets, being depreciated	88,636,304	32,393	(43,623)	1,749,973	90,375,047
Less accumulated depreciation for:					
Buildings and improvements	(3,691,056)	(195,734)			(3,886,790)
Water treatment and distribution	(15,844,653)	(1,473,938)			(17,318,591)
Equipment	(1,397,425)	(308,168)	43,623		(1,661,970)
Wastewater treatment and collection	(13,214,620)	(1,067,815)			(14,282,435)
Total accumulated depreciation	(34,147,754)	(3,045,655)	43,623		(37,149,786)
Capital assets being depreciated, net	54,488,550	(3,013,262)		1,749,973	53,225,261
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$ 58,677,289	\$ (2,227,575)	\$ -	\$ 236,552	\$ 56,686,266

Project Commitments

At June 30, 2017, the City had outstanding commitments with contractors for the following projects:

Project	Remaining Commitment
Parks Projects	\$ 15,700
Transportation Projects	911,345
Storm Drain Projects	8,843
Wastewater Projects	20,000
	<u>\$ 955,888</u>

Since June 30, 2017, the City has entered into additional commitments with contracts totaling \$2.6 million.

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

June 30, 2017

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	\$ 671,862
Public safety - Police	26,121
Public safety - Fire	342,008
Parks and recreation	322,417
Public works	2,347,042
Total Governmental Activities	\$ 3,709,450
Business-type Activities:	
Water	\$ 1,507,067
Wastewater	1,538,588
Total Business-type Activities	\$ 3,045,655

NOTE G – 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 as follows and discussed in detail thereafter.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE G – LONG-TERM LIABILITIES (Continued)

Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Current Portion
<u>Governmental Activities</u>						
2012 Lease Revenue Bonds						
2.95%, due on 06/01/21	\$ 2,222,000	\$ 1,318,000		\$ (249,000)	\$ 1,069,000	\$ 256,000
Capital Lease - City Hall Facility						
4.54%, due 05/01/32	6,695,000	5,320,000		(235,000)	5,085,000	245,000
Capital Lease - Broadway Properties						
4.57%, due 08/22/2018	1,075,000	315,115		(122,187)	192,928	127,400
Municipal Asset Management, Inc.						
Capital Lease - 2.96% due 6/17/24	341,645	257,330		(29,142)	228,188	30,000
Cost reimbursement payable		1,046,892			1,046,892	
Compensated absences		1,099,031	\$ 708,212	(712,378)	1,094,865	660,822
Claims and judgments		908,756	9,040	(131,607)	786,189	786,189
Other postemployment benefits		351,408	82,520		433,928	
Net pension liability		8,971,228	2,204,464	(2,132)	11,173,560	
Total Governmental Long-Term Liabilities		19,587,760	3,004,236	(1,481,446)	21,110,550	\$ 2,105,411
Less: Amount due within one year		(2,158,736)			(2,105,411)	
Total Governmental Long-Term Liabilities, Net		\$ 17,429,024	\$ 3,004,236	\$(1,481,446)	\$ 19,005,139	
<u>Business-type Activities</u>						
State of California Davis-Grunsky Loan						
2.5%, due 12/31/27	\$ 2,050,000	\$ 829,773		\$ (62,208)	\$ 767,565	\$ 63,763
State Water Resources Control Board, State Revolving Fund Loan						
2.7%, due 07/15/22	10,859,470	4,674,841		(615,660)	4,059,181	632,283
Municipal Asset Management, Inc.						
Capital Lease - 2.41% due 12/5/19	827,100	669,463		(161,436)	508,027	165,326
Municipal Finance - Inc.						
Capital Lease - 3.55% due 07/06/22	2,004,200	1,739,184		(271,817)	1,467,367	278,792
Compensated absences		110,209	\$ 177,684	(140,852)	147,041	147,041
Other postemployment benefits		64,737	14,942		79,679	
Net pension liability		1,522,512	338,576		1,861,088	
Total Business-type Long-Term Liabilities		9,610,719	531,202	(1,251,973)	8,889,948	\$ 1,287,205
Less: Amount due within one year		(1,084,559)			(1,287,205)	
Add: Unamortized interest on Davis-Grunsky Loan		141,918		(11,514)	130,404	
Total Business-type Activity Liabilities		\$ 8,668,078	\$ 531,202	\$(1,263,487)	\$ 7,733,147	

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

June 30, 2017

NOTE G – 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 \$6,804,780 and accumulated depreciation is \$2,268,260 at June 30, 2017.

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.

Capital Lease – Municipal Asset Management, Inc.

In July 2014, the City entered into a lease purchase arrangement for \$341,645 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 \$113,457 at June 30, 2017.

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.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE G – LONG-TERM LIABILITIES (Continued)

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.

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.

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 at a water treatment plant. The terms of the lease require annual payments of \$177,570 through April 21, 2020, which includes interest at 2.41%. The cost of the asset is \$827,100 and accumulated depreciation is \$165,119 at June 30, 2017.

Capital Lease – Municipal Finance, Inc.

In July 2015, the City entered into a lease purchase agreement for \$2,004,200 for the acquisition and installation of equipment at a waste water plant. The terms of the lease require annual principal payments of \$157,222 through July 6, 2022, which includes interest at 3.55%. The cost of the asset is \$2,164,356 and accumulated depreciation is \$428,398 at June 30, 2017.

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		
2018	\$ 256,000	\$ 29,648	\$ 402,400	\$ 244,927	\$ 1,140,164	\$ 176,682
2019	262,000	22,051	351,383	227,120	1,169,970	146,878
2020	273,000	14,234	296,769	213,147	1,200,554	116,293
2021	278,000	6,151	312,709	200,176	1,054,371	84,907
2022			323,677	186,496	1,082,299	56,978
2023-2027			1,739,178	709,337	1,101,578	55,063
2028-2032			2,080,000	291,922	53,204	
Totals	\$ 1,069,000	\$ 72,084	\$ 5,506,116	\$ 2,073,125	\$ 6,802,140	\$ 636,801

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE G – LONG-TERM LIABILITIES (Continued)

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, to finance certain capital improvements. Total principal and interest remaining on the Water Fund loan through 2027 is \$884,055 and total principal and interest remaining on the Wastewater Fund loan through 2022 is \$4,451,286. For fiscal year 2017, the principal and interest paid by the Water and Wastewater funds for these loans was \$82,952 and \$741,881, respectively. The Water Fund and the Wastewater Funds had net revenue of \$3,250,238 and \$2,963,681, respectively, in fiscal year 2017.

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, 2017.

Special Assessment Debt Without City Commitment

At June 30, 2017, the outstanding principal amount of bonded debt issued by special assessment districts in the City was as follows:

2013 Reassessment Revenue Bonds	\$ 5,034,200
2005 Infrastructure Revenue Bonds	14,363,000

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.

NOTE H – 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.

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

June 30, 2017

NOTE H – NET POSITION AND FUND BALANCES (CONTINUED)

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, which the City considers equally binding. The City Council has authority to establish, modify, or rescind a fund balance commitment through another ordinance or resolution.

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.

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 reserves 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 Fire District contingency reserves will be increased by a minimum of 3% of the total salary of the Fire District Operations Fund until it reaches 20% of the operating annual budget. The City's Capital Projects 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.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE H – NET POSITION AND FUND BALANCES (CONTINUED)

The Economic Development Reserve was established at \$1,000,000 and is to be used to further the City’s adopted Economic Development program.

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

	General	Fire Operations	Affordable Housing	CDBG Loan Development	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances						
Nonspendable:						
Property held for resale	\$ 530,868					\$ 530,868
Receivables and other assets	156,369	\$ 688				157,057
Total Nonspendable	<u>687,237</u>	<u>688</u>				<u>687,925</u>
Restricted:						
Public safety						
Fire District capital acquisition					\$ 679,910	679,910
Other					106,043	106,043
Public works						
Capital projects					4,033,726	4,033,726
La Vigne landscaping and lighting					1,908,756	1,908,756
Debt service					32,306	32,306
Community development				\$ 28,488		28,488
Other activities	141,751				537,398	679,149
Total Restricted	<u>141,751</u>			<u>28,488</u>	<u>7,298,139</u>	<u>7,468,378</u>
Committed:						
Contingency		847,000				847,000
Catastrophe		500,000				500,000
Traffic offenders program	156,950					156,950
Capital Projects	1,650,000					1,650,000
General Fund Reserve	4,311,004					4,311,004
Total Committed	<u>6,117,954</u>	<u>1,347,000</u>				<u>7,464,954</u>
Assigned:						
Economic development	1,000,000					1,000,000
General plan update	201,941					201,941
Technology		100,000				100,000
Fire operations		3,748,526				3,748,526
	<u>1,201,941</u>	<u>3,848,526</u>				<u>5,050,467</u>
Unassigned:	<u>215,304</u>		<u>\$ (1,277,506)</u>		<u>(744,820)</u>	<u>(1,807,022)</u>
Total Fund Balance	<u>\$ 8,364,187</u>	<u>\$ 5,196,214</u>	<u>\$ (1,277,506)</u>	<u>\$ 28,488</u>	<u>\$ 6,553,319</u>	<u>\$18,864,702</u>

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

June 30, 2017

NOTE H – NET POSITION AND FUND BALANCES (CONTINUED)

Fund Equity Deficits

The Affordable Housing, Gas Tax, Storm Drainage and State and Federal Grant-City Funds had deficit fund balances of \$1,127,236, \$56,071, \$397,819 and \$290,930, respectively, at June 30, 2017. These deficits are expected to be covered by future grants or fees in these funds.

NOTE I – 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 J – 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 (effective beginning fiscal year 2017)

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, 2017

NOTE J – PENSION PLAN (Continued)

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	City Miscellaneous	City PEPRA Miscellaneous		
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>		
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	9.558%	6.93%		
	Fire Protection Miscellaneous	Safety Fire First Tier	Safety Fire Second Tier	
	<u>Prior to January 1, 2013</u>	<u>January 1, 1965 to May 5, 2010</u>	<u>On or after May 5, 2010</u>	
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%	19.536%	17.689%	

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, 2017

NOTE J – PENSION PLAN (Continued)

For the year ended June 30, 2017, the contributions paid to each Plan were as follows:

	City Miscellaneous Plans	Fire Safety Plans	Fire Miscellaneous Plans
Contributions - employer	\$ 903,780	\$ 712,349	\$ 6,602

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:
 As of June 30, 2017, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability/Asset
City Miscellaneous Plans	\$ 6,540,954
Fire Safety Plans	6,399,934
Fire Miscellaneous Plans	93,760
Total Net Pension Liability	\$ 13,034,648

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, 2016, 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, 2015 rolled forward to June 30, 2016 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, 2016 and 2017 was as follows:

	City Miscellaneous Plans	Fire Safety Plans	Fire Miscellaneous Plans
Proportion - June 30, 2016	0.19150%	0.12520%	0.00304%
Proportion - June 30, 2017	0.18829%	0.12357%	0.00270%
Change - Increase (Decrease)	0.00321%	0.00163%	0.00034%

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE J – PENSION PLAN (Continued)

For the year ended June 30, 2016, the City recognized pension expense of \$(107,844), \$(497,025), and \$735 for the City Miscellaneous Plans, Fire Safety Plans, and Fire Miscellaneous Plans, respectively. At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

City Miscellaneous Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 903,780	
Differences between actual and expected experience	29,178	\$ (6,686)
Changes in assumptions		(276,050)
Change in employer's proportion		(655,586)
Differences between the employer's contribution and the employer's proportionate share of contributions	132,946	
Net differences between projected and actual earnings on plan investments	<u>1,436,753</u>	
Total	<u>\$ 2,502,657</u>	<u>\$ (938,322)</u>
Fire Safety Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 712,349	
Differences between actual and expected experience		\$ (48,572)
Changes in assumptions		(211,780)
Change in employer's proportion		(56,271)
Differences between the employer's contribution and the employer's proportionate share of contributions	52,881	
Net differences between projected and actual earnings on plan investments	<u>1,040,462</u>	
Total	<u>\$ 1,805,692</u>	<u>\$ (316,623)</u>
Fire Miscellaneous Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,602	
Differences between actual and expected experience	217	\$ (50)
Changes in assumptions		(2,053)
Change in employer's proportion	1,389	(2,992)
Differences between the employer's contribution and the employer's proportionate share of contributions		(271)
Net differences between projected and actual earnings on plan investments	<u>10,682</u>	
Total	<u>\$ 18,890</u>	<u>\$ (5,366)</u>
Total Plans	<u>\$ 4,327,239</u>	<u>\$ (1,260,311)</u>

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE J – PENSION PLAN (Continued)

The \$903,780, \$712,349 and \$6,602 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, 2017. 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	City Miscellaneous Plans	Fire Safety Plans	Fire Miscellaneous Plans	Total
2018	\$ (218,546)	\$ 3,424	\$ 379	\$ (214,743)
2019	(144,241)	24,783	(153)	(119,611)
2020	651,206	477,651	3,960	1,132,817
2021	372,136	270,862	2,766	645,764
	<u>\$ 660,555</u>	<u>\$ 776,720</u>	<u>\$ 6,952</u>	<u>\$ 1,444,227</u>

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

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 12.2% (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, 2014 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 7.65% 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2017

NOTE J – PENSION PLAN (Continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.65 percent investment return assumption used in this accounting valuation is gross of administrative expenses. Administrative expenses are assumed to be 15 basis points.

Paragraph 30 of Statement 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expense.

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	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-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, 2017

NOTE J – 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:

	City Miscellaneous Plans	Fire Safety Plans	Fire Miscellaneous Plans
1% Decrease	6.65%	6.65%	6.65%
Net Pension Liability	\$ 9,984,014	\$ 9,493,472	\$ 129,619
Current Discount Rate	7.65%	7.65%	7.65%
Net Pension Liability	\$ 6,540,954	\$ 6,399,934	\$ 93,760
1% Increase	8.65%	8.65%	8.65%
Net Pension Liability	\$ 3,695,436	\$ 3,860,457	\$ 64,124

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: The City had contributions payables to the City Miscellaneous and Fire Safety pension plans required for the year ended June 30, 2017 of \$35,276 and \$21,312, respectively.

NOTE K – 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, 2017

NOTE K – 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, 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) 7.25% investment rate of return, (b) 3.00% projected annual salary increase and general inflation rate, and (c) health care cost trend rate of 4.0% to 7.25% 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, 2017

NOTE K – 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, 2017, the City contributed \$477,900 to the Plan, and funded pay-as-you-go premiums of \$221,894. As a result, the City 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, 2016	\$ 217,069
Annual required contribution (ARC)	726,100
Interest on net OPEB asset	17,300
Adjustment to annual required contribution	<u>(16,700)</u>
Annual OPEB cost	<u>726,700</u>
Contributions:	
Contributions to CERBT	266,700
Implicit Rate Subsidy	183,500
City's portion of current year premiums paid	<u>223,454</u>
Total Contributions	<u>673,654</u>
Increase in net OPEB obligation	<u>53,046</u>
Net OPEB obligation at June 30, 2017	<u>\$ 270,115</u>

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated June 30, 2015, amounted to \$8,508,300. The AAL is partially funded since assets have been transferred into the 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 AOC Contributed	Net OPEB (Asset) Obligation
06/30/15	\$ 469,500	\$ 255,316	54%	\$ 444,763
06/30/16	472,100	699,794	148%	217,069
06/30/17	726,700	673,654	93%	270,115

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, 2017

NOTE K – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress: The funded status of the Plan as of June 30, 2015, the Plan’s most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 8,508,300
Actuarial value of Plan assets	<u>2,936,300</u>
Unfunded actuarial accrued liability (UAAL)	5,572,000
Funded ratio (actuarial value of Plan assets/ALL)	34.51%
Covered payroll (active Plan participants)	\$ 5,227,700
UAAL as a percentage of covered payroll	106.59%

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) 7.28% investment rate of return, (b) 3.0% projected annual salary increase, (c) 2.75% general inflation rate and (d) health care cost trend rates are 5.0% to 7.50% 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, 2017

NOTE K – 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, 2017, the District contributed \$222,079 to the Plan, and funded pay-as-you-go premiums of \$166,832. 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, 2016	\$ 199,076
Annual required contribution (ARC)	443,363
Interest on net OPEB asset	14,493
Adjustment to annual required contribution	<u>(14,015)</u>
Annual OPEB cost	443,841
Contributions:	
Contributions to CERBT	148,853
Implicit Rate Subsidy	78,170
District's portion of current year premiums paid	<u>172,402</u>
Total Contributions	<u>399,425</u>
Increase in net OPEB obligation	<u>44,416</u>
Net OPEB obligation at June 30, 2017	<u><u>\$ 243,492</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 \$5,384,481. The AAL is partially funded since assets have been transferred into the 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 AOC Contributed	Net OPEB Obligation
06/30/15	\$ 349,774	\$ 329,938	94%	\$ 197,892
06/30/16	362,366	361,182	99%	199,076
06/30/17	443,841	399,425	90%	243,492

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, 2017

NOTE K – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress: The funded status of the Plan as of July 1, 2015, the Plan’s most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 5,384,481
Actuarial value of Plan assets	<u>1,323,047</u>
Unfunded actuarial accrued liability (UAAL)	4,061,434
Funded ratio (actuarial value of Plan assets/ALL)	24.57%
Covered payroll (active Plan participants)	\$ 1,917,637
UAAL as a percentage of covered payroll	211.79%

NOTE L – 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, 2017, the City contributed \$201,526 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 \$2,000,000. 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, 2017

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, 2017</u>	<u>Year Ended</u> <u>June 30, 2016</u>	<u>Year Ended</u> <u>June 30, 2015</u>
Unpaid claims, beginning of fiscal year	\$ 908,756	\$ 413,321	\$ 139,295
Incurred claims (including IBNRs)	9,311	637,890	523,195
Claim payments	<u>(131,878)</u>	<u>(142,455)</u>	<u>(249,169)</u>
Unpaid claims, end of fiscal year	<u>\$ 786,189</u>	<u>\$ 908,756</u>	<u>\$ 413,321</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, 2017, 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 2017 was \$1.7 million, of which \$583,000 was related to the capital component. A similar payment will be required each year through 2035.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF AMERICAN CANYON, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2017

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Proportion of the net pension liability	0.18829%	0.19150%	0.20960%
Proportionate share of the net pension liability	\$ 6,540,954	\$ 5,334,328	\$ 5,166,818
Covered - employee payroll - measurement period	\$ 5,417,416	\$ 5,157,279	\$ 5,062,574
Proportionate share of the net pension liability as a percentage of covered payroll	120.74%	103.43%	102.06%
Plan fiduciary net position as a percentage of the total pension liability	71.92%	78.22%	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: The discount rate was changed from 7.50% in 2015 to 7.65% in 2016 and 2017.

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 PLANS (UNAUDITED)
Last 10 Years**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 903,780	\$ 816,543	\$ 737,934
Contributions in relation to the actuarially determined contributions	(903,780)	(816,543)	(737,934)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll - fiscal year	\$ 5,979,018	\$ 5,417,416	\$ 5,157,279
Contributions as a percentage of covered - employee payroll	11.91%	15.07%	14.31%
Valuation date:	June 30, 2014	June 30, 2013	June 30, 2012

Methods and assumptions used to determine contribution rates:

Actuarial method	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	50-67 years

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

CITY OF AMERICAN CANYON, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2017

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Proportion of the net pension liability	0.12357%	0.12520%	0.11999%
Proportionate share of the net pension liability	\$ 6,399,934	\$ 5,159,412	\$ 4,500,491
Covered - employee payroll - measurement period	\$ 1,524,899	\$ 1,501,544	\$ 1,606,377
Proportionate share of the net pension liability as a percentage of covered payroll	419.70%	343.61%	280.16%
Plan fiduciary net position as a percentage of the total pension liability	71.92%	75.49%	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: The discount rate was changed from 7.50% in 2015 to 7.65% in 2016 and 2017.

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 SAFETY PLANS (UNAUDITED)
Last 10 Years**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 712,349	\$ 622,420	\$ 549,070
Contributions in relation to the actuarially determined contributions	(712,349)	(622,420)	(549,070)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll - fiscal year	\$ 1,944,380	\$ 1,524,899	\$ 1,501,544
Contributions as a percentage of covered - employee payroll	36.64%	40.82%	36.57%

Valuation date: June 30, 2014 June 30, 2013 June 30, 2012

Methods and assumptions used to determine contribution rates:

Actuarial method	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	50-60 years

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

CITY OF AMERICAN CANYON, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2017

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

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Proportion of the net pension liability	0.00270%	0.00304%	0.00294%
Proportionate share of the net pension liability	\$ 93,760	\$ 83,520	\$ 72,565
Covered - employee payroll - measurement period	N/A	N/A	N/A
Proportionate share of the net pension liability as a percentage of covered payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	64.80%	68.95%	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).

The plan has not had active employees since 2015, so there was no contributions or covered payroll.

Changes in assumptions: The discount rate was changed from 7.50% in 2015 to 7.65% in 2016 and 2017.

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 MISCELLANEOUS PLANS (UNAUDITED)
Last 10 Years**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution (actuarially determined)	\$ 6,602	\$ 6,056	\$ 5,443
Contributions in relation to the actuarially determined contributions	(6,602)	(6,056)	(5,443)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Covered - employee payroll - fiscal year

Contributions as a percentage of covered - employee payroll	N/A	N/A	N/A
---	-----	-----	-----

Valuation date:

June 30, 2014	June 30, 2013	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	50-67 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, 2017

City of American Canyon Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded (Overfunded) Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll</u>
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%
6/30/2015	2,936,300	8,508,300	5,572,000	34.51%	5,227,700	106.59%

American Canyon Fire Protection District's Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded (Overfunded) Actuarial Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll</u>
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%
7/1/2015	1,323,047	5,384,481	4,061,434	24.57%	1,917,637	211.79%

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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, 2017

	<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	\$ 534,024	\$ 534,024	\$ 160,851	\$ (373,173)
Use of money and property	1,340	1,340	1,295	(45)
TOTAL REVENUES	<u>535,364</u>	<u>535,364</u>	<u>162,146</u>	<u>(373,218)</u>
EXPENDITURES				
Current:				
Community development	116,900	1,046,900	2,220,727	(1,173,827)
TOTAL EXPENDITURES	<u>116,900</u>	<u>1,046,900</u>	<u>2,220,727</u>	<u>(1,173,827)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>418,464</u>	<u>(511,536)</u>	<u>(2,058,581)</u>	<u>(1,547,045)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,350	1,350	31	1,319
TOTAL OTHER FINANCING SOURCES AND USES	<u>1,350</u>	<u>1,350</u>	<u>31</u>	<u>1,319</u>
NET CHANGE IN FUND BALANCES	419,814	(510,186)	(2,058,550)	(1,548,364)
Fund balances, beginning of year	<u>931,314</u>	<u>931,314</u>	<u>931,314</u>	
FUND BALANCES , END OF YEAR	<u>\$ 1,351,128</u>	<u>\$ 421,128</u>	<u>\$ (1,127,236)</u>	<u>\$ (1,548,364)</u>

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.

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.

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

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

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

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, 2017

	SPECIAL REVENUE FUNDS			
		State		
	Gas Tax	Supplemental Law Enforcement	La Vigne Landscape and Lighting	La Vigne Open Space
ASSETS				
Cash and investments		\$ 17,948	\$ 1,937,640	\$ 176,934
Restricted cash				
Taxes receivable			2,521	
Accounts receivable, net				
Interest receivable	\$ 998	162	4,232	407
Due from other governments				
	TOTAL ASSETS	\$ 998	\$ 18,110	\$ 1,944,393
			\$ 177,341	
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable			\$ 35,637	
Accrued expenses				
Due to other funds	\$ 57,069			
	TOTAL LIABILITIES	57,069	35,637	
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
	TOTAL DEFERRED INFLOWS OF RESOURCES			
Fund balances:				
Restricted for:				
Public safety		\$ 18,110		
Public works			1,908,756	
Debt service				
Other activities				\$ 177,341
Unassigned	(56,071)			
	TOTAL FUND BALANCES	(56,071)	18,110	1,908,756
	TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 998	\$ 18,110	\$ 1,944,393
			\$ 177,341	

SPECIAL REVENUE FUNDS

Storm Drainage	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
	\$ 114,455	\$ 70,648	\$ 5,891	\$ 64,143	\$ 88,898	\$ 2,476,557
						2,521
	263	169			204	6,435
\$ 306,770		11,225		538,057		856,052
\$ 306,770	\$ 114,718	\$ 82,042	\$ 5,891	\$ 602,200	\$ 89,102	\$ 3,341,565
				\$ 48,799		\$ 84,436
\$ 575,761				499,007		1,131,837
575,761				547,806		1,216,273
128,828				345,324		474,152
128,828				345,324		474,152
		\$ 82,042	\$ 5,891		\$ 89,102	106,043
						1,997,858
	\$ 114,718					292,059
(397,819)				(290,930)		(744,820)
(397,819)	114,718	82,042	5,891	(290,930)	89,102	1,651,140
\$ 306,770	\$ 114,718	\$ 82,042	\$ 5,891	\$ 602,200	\$ 89,102	\$ 3,341,565

Continued

CITY OF AMERICAN CANYON
Combining Balance Sheet
Other Governmental Funds
June 30, 2017

CAPITAL PROJECTS FUNDS

ASSETS	Fire Mitigation	Park Improvement	Traffic Impact	Infrastructure
Cash and investments	\$ 677,212	\$ 244,094	\$ 2,869,131	\$ 25,469
Restricted cash				281,158
Taxes receivable				
Accounts receivable, net	305			
Interest receivable	2,393	1,245	6,699	274
Due from other governments				
TOTAL ASSETS	\$ 679,910	\$ 245,339	\$ 2,875,830	\$ 306,901
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable				\$ 765
Accrued expenses				
Due to other funds				
TOTAL LIABILITIES				765
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
TOTAL DEFERRED INFLOWS OF RESOURCES				
Fund balances:				
Restricted for:				
Public safety	\$ 679,910			
Public works			\$ 2,875,830	306,136
Debt service				
Other activities		\$ 245,339		
Unassigned				
TOTAL FUND BALANCES	679,910	245,339	2,875,830	306,136
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	\$ 679,910	\$ 245,339	\$ 2,875,830	\$ 306,901

CAPITAL PROJECTS FUNDS			DEBT SERVICE FUNDS				
City Capital Projects	Civic Facilities Capital Projects	Total Other Governmental Capital Projects	Lease Revenue Bonds	Cabernet Village Lease	Broadway Property Lease	Total Other Governmental Debt Service	Total Other Governmental Funds
\$ 975,389	\$ 494,956	\$ 5,286,251	\$ 26,786	\$ 4,590	\$ 693	\$ 32,069	\$ 7,794,877
		281,158					281,158
							2,521
		305					305
	1,134	11,745	224	11	2	237	18,417
							856,052
<u>\$ 975,389</u>	<u>\$ 496,090</u>	<u>\$ 5,579,459</u>	<u>\$ 27,010</u>	<u>\$ 4,601</u>	<u>\$ 695</u>	<u>\$ 32,306</u>	<u>\$ 8,953,330</u>
\$ 496,074		\$ 496,839					\$ 581,275
212,747		212,747					212,747
							1,131,837
<u>708,821</u>		<u>709,586</u>					<u>1,925,859</u>
							474,152
							474,152
		679,910					785,953
266,568	\$ 496,090	3,944,624					5,942,482
			\$ 27,010	\$ 4,601	\$ 695	\$ 32,306	32,306
		245,339					537,398
							(744,820)
<u>266,568</u>	<u>496,090</u>	<u>4,869,873</u>	<u>27,010</u>	<u>4,601</u>	<u>695</u>	<u>32,306</u>	<u>6,553,319</u>
<u>\$ 975,389</u>	<u>\$ 496,090</u>	<u>\$ 5,579,459</u>	<u>\$ 27,010</u>	<u>\$ 4,601</u>	<u>\$ 695</u>	<u>\$ 32,306</u>	<u>\$ 8,953,330</u>

CITY OF AMERICAN CANYON
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2017

	SPECIAL REVENUE FUNDS			
	Gas Tax	State Supplemental Law Enforcement	La Vigne Landscape and Lighting	La Vigne Open Space
REVENUES				
Sales taxes				
Special assessments			\$ 549,736	
Intergovernmental	\$ 377,475	\$ 129,324		
Charges for services				
Use of money and property	2,634	530	12,873	\$ 1,314
Other			5,000	
TOTAL REVENUES	380,109	129,854	567,609	1,314
EXPENDITURES				
Current:				
Public works			420,946	
Parks and recreation				
Storm drain				
Debt Service				
Principal				
Interest and other charges				
Capital outlay				
TOTAL EXPENDITURES			420,946	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	380,109	129,854	146,663	1,314
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out	(596,106)	(129,854)	(205)	
TOTAL OTHER FINANCING SOURCES AND USES	(596,106)	(129,854)	(205)	
NET CHANGE IN FUND BALANCES	(215,997)		146,458	1,314
Fund balances, beginning of year	159,926	18,110	1,762,298	176,027
FUND BALANCES, END OF YEAR	\$ (56,071)	\$ 18,110	\$ 1,908,756	\$ 177,341

SPECIAL REVENUE FUNDS

<u>Storm Drainage</u>	<u>Newell Park Open Space</u>	<u>Abandoned Vehicle</u>	<u>State and Federal Grants - Fire</u>	<u>State and Federal Grants - City Funds</u>	<u>Zero Water Footprint</u>	<u>Total Other Government Special Revenue</u>
\$ 937,012						\$ 937,012
						549,736
		\$ 16,810		\$ 404,817	\$ 18,756	947,182
				64,143		64,143
	\$ 10,508	584			635	29,078
	20,000					25,000
<u>937,012</u>	<u>30,508</u>	<u>17,394</u>		<u>468,960</u>	<u>19,391</u>	<u>2,552,151</u>
				12,123	4,355	437,424
	459					459
7						7
<u>7</u>	<u>459</u>			<u>12,123</u>	<u>4,355</u>	<u>437,890</u>
<u>937,005</u>	<u>30,049</u>	<u>17,394</u>		<u>456,837</u>	<u>15,036</u>	<u>2,114,261</u>
<u>(825,948)</u>		<u>(16,957)</u>		<u>(540,281)</u>		<u>(2,109,351)</u>
<u>(825,948)</u>		<u>(16,957)</u>		<u>(540,281)</u>		<u>(2,109,351)</u>
111,057	30,049	437		(83,444)	15,036	4,910
<u>(508,876)</u>	<u>84,669</u>	<u>81,605</u>	<u>\$ 5,891</u>	<u>(207,486)</u>	<u>74,066</u>	<u>1,646,230</u>
<u>\$ (397,819)</u>	<u>\$ 114,718</u>	<u>\$ 82,042</u>	<u>\$ 5,891</u>	<u>\$ (290,930)</u>	<u>\$ 89,102</u>	<u>\$ 1,651,140</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, 2017

CAPITAL PROJECTS FUNDS				
	Fire Mitigation	Park Improvement	Traffic Impact	Infrastructure
REVENUES				
Sales taxes				
Special assessments				
Intergovernmental				
Charges for services	\$ 132,694	\$ 657,456	\$ 861,981	
Use of money and property	8,536	1,241	21,287	\$ (2,117)
Other				
TOTAL REVENUES	141,230	658,697	883,268	(2,117)
EXPENDITURES				
Current:				
Public works			78,793	
Parks and recreation		300,000		
Storm drain				
Debt Service				
Principal				
Interest and other charges				
Capital outlay				627,553
TOTAL EXPENDITURES		300,000	78,793	627,553
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	141,230	358,697	804,475	(629,670)
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out	(640,000)		(184,342)	
TOTAL OTHER FINANCING SOURCES AND USES	(640,000)		(184,342)	
NET CHANGE IN FUND BALANCES	(498,770)	358,697	620,133	(629,670)
Fund balances, beginning of year	1,178,680	(113,358)	2,255,697	935,806
FUND BALANCES, END OF YEAR	\$ 679,910	\$ 245,339	\$ 2,875,830	\$ 306,136

CAPITAL PROJECTS FUNDS			DEBT SERVICE FUNDS				
City Capital Projects	Civic Facilities Capital Projects	Total Other Governmental Capital Projects	Lease Revenue Bonds	Cabernet Village Lease	Broadway Property Lease	Total Other Governmental Debt Service	Total Other Governmental Funds
							\$ 937,012
							549,736
							947,182
	\$ 266,681	\$ 1,918,812					1,982,955
	5,670	34,617	\$ 1,049	\$ 110	\$ 5	\$ 1,164	64,859
\$ 1		1					25,001
1	272,351	1,953,430	1,049	110	5	1,164	4,506,745
		78,793					516,217
		300,000					300,459
							7
			249,000	235,000	122,187	606,187	606,187
			37,025	241,528	12,493	291,046	291,046
1,916,468		2,544,021					2,544,021
1,916,468		2,922,814	286,025	476,528	134,680	897,233	4,257,937
(1,916,467)	272,351	(969,384)	(284,976)	(476,418)	(134,675)	(896,069)	248,808
2,058,738		2,058,738	286,038	476,528	134,681	897,247	2,955,985
		(824,342)					(2,933,693)
2,058,738		1,234,396	286,038	476,528	134,681	897,247	22,292
142,271	272,351	265,012	1,062	110	6	1,178	271,100
124,297	223,739	4,604,861	25,948	4,491	689	31,128	6,282,219
<u>\$ 266,568</u>	<u>\$ 496,090</u>	<u>\$ 4,869,873</u>	<u>\$ 27,010</u>	<u>\$ 4,601</u>	<u>\$ 695</u>	<u>\$ 32,306</u>	<u>\$ 6,553,319</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, 2017

	<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	\$ 419,348	\$ 419,348	\$ 377,475	\$ (41,873)
Use of money and property	1,000	1,000	2,634	1,634
TOTAL REVENUES	<u>420,348</u>	<u>420,348</u>	<u>380,109</u>	<u>(40,239)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>420,348</u>	<u>420,348</u>	<u>380,109</u>	<u>(40,239)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(525,000)	(596,106)	(596,106)	-
TOTAL OTHER FINANCING SOURCES AND USES	<u>(525,000)</u>	<u>(596,106)</u>	<u>(596,106)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(104,652)	(175,758)	(215,997)	(40,239)
Fund balances, beginning of year	<u>159,926</u>	<u>159,926</u>	<u>159,926</u>	
FUND BALANCES , END OF YEAR	<u>\$ 55,274</u>	<u>\$ (15,832)</u>	<u>\$ (56,071)</u>	<u>\$ (40,239)</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, 2017

	<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	\$ 129,324	\$ 29,224
Use of money and property			530	530
TOTAL REVENUES	<u>100,100</u>	<u>100,100</u>	<u>129,854</u>	<u>29,754</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>100,100</u>	<u>100,100</u>	<u>129,854</u>	<u>29,754</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(130,100)	(130,100)	(129,854)	246
TOTAL OTHER FINANCING SOURCES AND USES	<u>(130,100)</u>	<u>(130,100)</u>	<u>(129,854)</u>	<u>246</u>
NET CHANGE IN FUND BALANCES	(30,000)	(30,000)		30,000
Fund balances, beginning of year	<u>18,110</u>	<u>18,110</u>	<u>18,110</u>	
FUND BALANCES , END OF YEAR	<u>\$ (11,890)</u>	<u>\$ (11,890)</u>	<u>\$ 18,110</u>	<u>\$ 30,000</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, 2017

	<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		\$ 897,830	\$ 549,736	\$ (348,094)
Use of money and property			12,873	12,873
Other			5,000	5,000
TOTAL REVENUES		<u>897,830</u>	<u>567,609</u>	<u>(330,221)</u>
EXPENDITURES				
Current:				
Public works		861,357	420,946	440,411
TOTAL EXPENDITURES		<u>861,357</u>	<u>420,946</u>	<u>440,411</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES		<u>36,473</u>	<u>146,663</u>	<u>110,190</u>
OTHER FINANCING SOURCES (USES)				
Transfers out		(222,786)	(205)	222,581
TOTAL OTHER FINANCING		<u>(222,786)</u>	<u>(205)</u>	<u>222,581</u>
SOURCES AND USES				
NET CHANGE IN FUND BALANCES		(186,313)	146,458	332,771
Fund balances, beginning of year	\$ 1,762,298	1,762,298	1,762,298	
FUND BALANCES , END OF YEAR	<u>\$ 1,762,298</u>	<u>\$ 1,575,985</u>	<u>\$ 1,908,756</u>	<u>\$ 332,771</u>

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, 2017

	<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				
Use of money and property	\$ 400	\$ 400	\$ 1,314	\$ 914
TOTAL REVENUES	<u>400</u>	<u>400</u>	<u>1,314</u>	<u>914</u>
EXPENDITURES				
Current:				
Parks and recreation	3,200	3,200		3,200
TOTAL EXPENDITURES	<u>3,200</u>	<u>3,200</u>		<u>3,200</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>(2,800)</u>	<u>(2,800)</u>	1,314	4,114
NET CHANGE IN FUND BALANCES	(2,800)	(2,800)	1,314	4,114
Fund balances, beginning of year	<u>176,027</u>	<u>176,027</u>	<u>176,027</u>	
FUND BALANCES , END OF YEAR	<u>\$ 173,227</u>	<u>\$ 173,227</u>	<u>\$ 177,341</u>	<u>\$ 4,114</u>

CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Storm Drainage
For the year ended June 30, 2017

	<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	\$ 730,590	\$ 730,590	\$ 937,012	\$ 206,422
TOTAL REVENUES	<u>730,590</u>	<u>730,590</u>	<u>937,012</u>	<u>206,422</u>
EXPENDITURES				
Current:				
Storm drain			7	(7)
TOTAL EXPENDITURES			<u>7</u>	<u>(7)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>730,590</u>	<u>730,590</u>	<u>937,005</u>	<u>206,415</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(705,590)	(2,427,297)	(825,948)	1,601,349
TOTAL OTHER FINANCING SOURCES AND USES	<u>(705,590)</u>	<u>(2,427,297)</u>	<u>(825,948)</u>	<u>1,601,349</u>
NET CHANGE IN FUND BALANCES	25,000	(1,696,707)	111,057	1,807,764
Fund balances, beginning of year	<u>(508,876)</u>	<u>(508,876)</u>	<u>(508,876)</u>	
FUND BALANCES , END OF YEAR	<u>\$ (483,876)</u>	<u>\$ (2,205,583)</u>	<u>\$ (397,819)</u>	<u>\$ 1,807,764</u>

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

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, 2017

	<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				
Use of money and property	\$ 9,990	\$ 9,990	\$ 10,508	\$ 518
Other	100,000	100,000	20,000	(80,000)
TOTAL REVENUES	<u>109,990</u>	<u>109,990</u>	<u>30,508</u>	<u>(79,482)</u>
EXPENDITURES				
Current:				
Parks and recreation	54,000	319,323	459	318,864
TOTAL EXPENDITURES	<u>54,000</u>	<u>319,323</u>	<u>459</u>	<u>318,864</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>55,990</u>	<u>(209,333)</u>	<u>30,049</u>	<u>239,382</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	246,502		246,502
TOTAL OTHER FINANCING SOURCES AND USES	<u>25,000</u>	<u>246,502</u>		<u>246,502</u>
NET CHANGE IN FUND BALANCES	80,990	37,169	30,049	(7,120)
Fund balances, beginning of year	<u>84,669</u>	<u>84,669</u>	<u>84,669</u>	
FUND BALANCES , END OF YEAR	<u>\$ 165,659</u>	<u>\$ 121,838</u>	<u>\$ 114,718</u>	<u>\$ (7,120)</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, 2017

	<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	\$ 4,243	\$ 4,243	\$ 16,810	\$ 12,567
Use of money and property	111	111	584	473
TOTAL REVENUES	<u>4,354</u>	<u>4,354</u>	<u>17,394</u>	<u>13,040</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>4,354</u>	<u>4,354</u>	<u>17,394</u>	<u>13,040</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,900)	(16,711)	(16,957)	(246)
TOTAL OTHER FINANCING SOURCES AND USES	<u>(4,900)</u>	<u>(16,711)</u>	<u>(16,957)</u>	<u>(246)</u>
NET CHANGE IN FUND BALANCES	(546)	(12,357)	437	12,794
Fund balances, beginning of year	<u>81,605</u>	<u>81,605</u>	<u>81,605</u>	
FUND BALANCES , END OF YEAR	<u>\$ 81,059</u>	<u>\$ 69,248</u>	<u>\$ 82,042</u>	<u>\$ 12,794</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, 2017

	<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	\$ 3,293,457	\$ 3,293,457	\$ 404,817	\$ (2,888,640)
Charges for services			64,143	64,143
TOTAL REVENUES	<u>3,293,457</u>	<u>3,293,457</u>	<u>468,960</u>	<u>(2,824,497)</u>
EXPENDITURES				
Current:				
Public works			12,123	(12,123)
TOTAL EXPENDITURES			<u>12,123</u>	<u>(12,123)</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>3,293,457</u>	<u>3,293,457</u>	<u>456,837</u>	<u>(2,836,620)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,293,457)	(3,676,807)	(540,281)	3,136,526
TOTAL OTHER FINANCING SOURCES AND USES	<u>(3,293,457)</u>	<u>(3,676,807)</u>	<u>(540,281)</u>	<u>3,136,526</u>
NET CHANGE IN FUND BALANCES				
		(383,350)	(83,444)	299,906
Fund balances, beginning of year	<u>(207,486)</u>	<u>(207,486)</u>	<u>(207,486)</u>	
FUND BALANCES , END OF YEAR	<u>\$ (207,486)</u>	<u>\$ (590,836)</u>	<u>\$ (290,930)</u>	<u>\$ 299,906</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, 2017

	<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	\$ 107,500	\$ 107,500	\$ 18,756	\$ (88,744)
Use of money and property			635	635
TOTAL REVENUES	<u>107,500</u>	<u>107,500</u>	<u>19,391</u>	<u>(88,109)</u>
EXPENDITURES				
Current:				
Public works			4,355	(4,355)
TOTAL EXPENDITURES			<u>4,355</u>	<u>(4,355)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>107,500</u>	<u>107,500</u>	<u>15,036</u>	<u>(92,464)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(107,500)	(107,500)		107,500
TOTAL OTHER FINANCING SOURCES AND USES	<u>(107,500)</u>	<u>(107,500)</u>		<u>107,500</u>
NET CHANGE IN FUND BALANCES			15,036	15,036
Fund balances, beginning of year	<u>74,066</u>	<u>74,066</u>	<u>74,066</u>	
FUND BALANCES , END OF YEAR	<u>\$ 74,066</u>	<u>\$ 74,066</u>	<u>\$ 89,102</u>	<u>\$ 15,036</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, 2017

	<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	\$ 170,000	\$ 170,000	\$ 132,694	\$ (37,306)
Use of money and property	1,354	1,354	8,536	7,182
TOTAL REVENUES	<u>171,354</u>	<u>171,354</u>	<u>141,230</u>	<u>(30,124)</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>171,354</u>	<u>171,354</u>	<u>141,230</u>	<u>(30,124)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(640,000)</u>	<u>(640,000)</u>	<u>(640,000)</u>	<u></u>
TOTAL OTHER FINANCING SOURCES AND USES	<u>(640,000)</u>	<u>(640,000)</u>	<u>(640,000)</u>	<u></u>
NET CHANGE IN FUND BALANCES	(468,646)	(468,646)	(498,770)	(30,124)
Fund balances, beginning of year	<u>1,178,680</u>	<u>1,178,680</u>	<u>1,178,680</u>	<u></u>
FUND BALANCES , END OF YEAR	<u>\$ 710,034</u>	<u>\$ 710,034</u>	<u>\$ 679,910</u>	<u>\$ (30,124)</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, 2017

	<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	\$ 1,085,284	\$ 1,085,284	\$ 657,456	\$ (427,828)
Use of money and property	322	322	1,241	919
TOTAL REVENUES	<u>1,085,606</u>	<u>1,085,606</u>	<u>658,697</u>	<u>(426,909)</u>
EXPENDITURES				
Current:				
Parks and recreation			300,000	(300,000)
TOTAL EXPENDITURES			<u>300,000</u>	<u>(300,000)</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>1,085,606</u>	<u>1,085,606</u>	<u>358,697</u>	<u>(726,909)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(311,463)	(300,000)		300,000
TOTAL OTHER FINANCING				
SOURCES AND USES	<u>(311,463)</u>	<u>(300,000)</u>		<u>300,000</u>
NET CHANGE IN FUND BALANCES	774,143	785,606	358,697	(426,909)
Fund balances, beginning of year	<u>(113,358)</u>	<u>(113,358)</u>	<u>(113,358)</u>	
FUND BALANCES , END OF YEAR	<u>\$ 660,785</u>	<u>\$ 672,248</u>	<u>\$ 245,339</u>	<u>\$ (426,909)</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, 2017

	<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	\$ 6,260,014	\$ 6,295,442	\$ 861,981	\$ (5,433,461)
Use of money and property			21,287	21,287
TOTAL REVENUES	<u>6,260,014</u>	<u>6,295,442</u>	<u>883,268</u>	<u>(5,412,174)</u>
EXPENDITURES				
Current:				
Public works		197,170	78,793	118,377
TOTAL EXPENDITURES		<u>197,170</u>	<u>78,793</u>	<u>118,377</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>6,260,014</u>	<u>6,098,272</u>	<u>804,475</u>	<u>(5,293,797)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,631,140)	(2,705,616)	(184,342)	2,521,274
TOTAL OTHER FINANCING SOURCES AND USES	<u>(2,631,140)</u>	<u>(2,705,616)</u>	<u>(184,342)</u>	<u>2,521,274</u>
NET CHANGE IN FUND BALANCES	3,628,874	3,392,656	620,133	(2,772,523)
Fund balances, beginning of year	<u>2,255,697</u>	<u>2,255,697</u>	<u>2,255,697</u>	
FUND BALANCES , END OF YEAR	<u>\$ 5,884,571</u>	<u>\$ 5,648,353</u>	<u>\$ 2,875,830</u>	<u>\$ (2,772,523)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Infrastructure
For the year ended June 30, 2017

	<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				
Use of money and property			\$ (2,117)	\$ (2,117)
TOTAL REVENUES			(2,117)	(2,117)
EXPENDITURES				
Capital outlay		\$ 990,730	627,553	363,177
TOTAL EXPENDITURES		990,730	627,553	363,177
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES		(990,730)	(629,670)	361,060
NET CHANGE IN FUND BALANCES		(990,730)	(629,670)	361,060
Fund balances, beginning of year	\$ 935,806	935,806	935,806	
FUND BALANCES , END OF YEAR	\$ 935,806	\$ (54,924)	\$ 306,136	\$ 361,060

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, 2017

	<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				
Use of money and property			\$ 1	\$ 1
TOTAL REVENUES			1	1
EXPENDITURES				
Capital outlay		\$ 8,395,666	1,916,468	6,479,198
TOTAL EXPENDITURES		8,395,666	1,916,468	6,479,198
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES		(8,395,666)	(1,916,467)	6,479,199
OTHER FINANCING SOURCES (USES)				
Transfers in		8,991,772	2,058,738	(6,933,034)
TOTAL OTHER FINANCING SOURCES AND USES		8,991,772	2,058,738	(6,933,034)
Fund balances, beginning of year	\$ 124,297	124,297	124,297	
FUND BALANCES , END OF YEAR	\$ 124,297	\$ 720,403	\$ 266,568	\$ (453,835)

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, 2017

	<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	\$ 816,590	\$ 816,590	\$ 266,681	\$ (549,909)
Use of money and property			5,670	5,670
TOTAL REVENUES	<u>816,590</u>	<u>816,590</u>	<u>272,351</u>	<u>(544,239)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>816,590</u>	<u>816,590</u>	<u>272,351</u>	<u>(544,239)</u>
NET CHANGE IN FUND BALANCES	816,590	816,590	272,351	(544,239)
Fund balances, beginning of year	<u>223,739</u>	<u>223,739</u>	<u>223,739</u>	
FUND BALANCES , END OF YEAR	<u>\$ 1,040,329</u>	<u>\$ 1,040,329</u>	<u>\$ 496,090</u>	<u>\$ (544,239)</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, 2017

	<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				
Use of money and property			\$ 1,049	\$ 1,049
TOTAL REVENUES			1,049	1,049
EXPENDITURES				
Debt service:				
Principal	\$ 249,000	\$ 249,000	249,000	
Interest and other charges	37,038	37,038	37,025	13
TOTAL EXPENDITURES	286,038	286,038	286,025	13
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	(286,038)	(286,038)	(284,976)	1,062
OTHER FINANCING SOURCES (USES)				
Transfers in	286,038	286,038	286,038	
TOTAL OTHER FINANCING SOURCES AND USES	286,038	286,038	286,038	
NET CHANGE IN FUND BALANCES			1,062	1,062
Fund balances, beginning of year	25,948	25,948	25,948	
FUND BALANCES , END OF YEAR	\$ 25,948	\$ 25,948	\$ 27,010	\$ 1,062

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, 2017

	<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				
Use of money and property			\$ 110	\$ 110
TOTAL REVENUES			110	110
EXPENDITURES				
Debt service:				
Principal	\$ 235,000	\$ 235,000	235,000	
Interest and other charges	241,528	241,528	241,528	
TOTAL EXPENDITURES	476,528	476,528	476,528	
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	(476,528)	(476,528)	(476,418)	110
OTHER FINANCING SOURCES (USES)				
Transfers in	476,528	476,528	476,528	
TOTAL OTHER FINANCING SOURCES AND USES	476,528	476,528	476,528	
NET CHANGE IN FUND BALANCES			110	110
Fund balances, beginning of year	4,491	4,491	4,491	
FUND BALANCES , END OF YEAR	\$ 4,491	\$ 4,491	\$ 4,601	\$ 110

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, 2017

	<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				
Use of money and property	\$ 241,528	\$ 241,528	\$ 5	\$ (241,523)
TOTAL REVENUES	<u>241,528</u>	<u>241,528</u>	<u>5</u>	<u>(241,523)</u>
EXPENDITURES				
Debt service:				
Principal	121,556	121,556	122,187	(631)
Interest and other charges	12,825	12,825	12,493	332
TOTAL EXPENDITURES	<u>134,381</u>	<u>134,381</u>	<u>134,680</u>	<u>(299)</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>107,147</u>	<u>107,147</u>	<u>(134,675)</u>	<u>(241,822)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	134,681	134,681	134,681	
TOTAL OTHER FINANCING SOURCES AND USES	<u>134,681</u>	<u>134,681</u>	<u>134,681</u>	
NET CHANGE IN FUND BALANCES	241,828	241,828	6	(241,822)
Fund balances, beginning of year	<u>689</u>	<u>689</u>	<u>689</u>	
FUND BALANCES , END OF YEAR	<u>\$ 242,517</u>	<u>\$ 242,517</u>	<u>\$ 695</u>	<u>\$ (241,822)</u>

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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, 2017

	Building Maintenance	Fleet	Information Technology	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 148,339	\$ 151,981	\$ 348,326	\$ 648,646
Interest receivable	266	376	597	1,239
Prepaid expenses	460		7,100	7,560
Total current assets	<u>149,065</u>	<u>152,357</u>	<u>356,023</u>	<u>657,445</u>
Non-current assets:				
Capital Assets:				
Depreciable, net of accumulated depreciation		832,297		832,297
Total non-current assets		<u>832,297</u>		<u>832,297</u>
TOTAL ASSETS	<u>149,065</u>	<u>984,654</u>	<u>356,023</u>	<u>1,489,742</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension	30,454	38,572	5,504	74,530
LIABILITIES				
Current Liabilities:				
Accounts payable	41,976	7,089	131,419	180,484
Compensated absences, current portion	8,562	9,786	1,308	19,656
Bonds, notes, and loans payable, current portion		30,000		30,000
Total current liabilities	<u>50,538</u>	<u>46,875</u>	<u>132,727</u>	<u>230,140</u>
Non-current liabilities:				
Bonds, notes and loans payable		198,188		198,188
Net OPEB liability	956	1,016	416	2,388
Net pension liability	77,340	98,028	11,817	187,185
Total non-current liabilities	<u>78,296</u>	<u>297,232</u>	<u>12,233</u>	<u>387,761</u>
TOTAL LIABILITIES	<u>128,834</u>	<u>344,107</u>	<u>144,960</u>	<u>617,901</u>
DEFERRED INFLOW OF RESOURCES				
Pension	16,231	20,485	4,203	40,919
NET POSITION				
Net investment in capital assets		604,109		604,109
Unrestricted	34,454	54,525	212,364	301,343
TOTAL NET POSITION	<u>\$ 34,454</u>	<u>\$ 658,634</u>	<u>\$ 212,364</u>	<u>\$ 905,452</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, 2017

	Building Maintenance	Fleet	Information Technology	Total Internal Service Funds
REVENUES				
Charges for services	\$ 407,300	\$ 547,482	\$ 431,200	\$ 1,385,982
TOTAL OPERATING REVENUES	<u>407,300</u>	<u>547,482</u>	<u>431,200</u>	<u>1,385,982</u>
OPERATING EXPENSES				
Employee services	108,540	134,174	12,214	254,928
Maintenance and operations	280,334	202,119	351,759	834,212
Depreciation		168,536		168,536
TOTAL OPERATING EXPENSES	<u>388,874</u>	<u>504,829</u>	<u>363,973</u>	<u>1,257,676</u>
OPERATING INCOME (LOSS)	<u>18,426</u>	<u>42,653</u>	<u>67,227</u>	<u>128,306</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	666	1,430	1,464	3,560
Interest expense		(7,615)		(7,615)
Gain on disposal on capital assets		25,750		25,750
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>666</u>	<u>19,565</u>	<u>1,464</u>	<u>21,695</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>19,092</u>	<u>62,218</u>	<u>68,691</u>	<u>150,001</u>
Transfers in		6,518	8,800	15,318
Transfers out	(10,918)	(4,400)		(15,318)
CHANGE IN NET POSITION	<u>8,174</u>	<u>64,336</u>	<u>77,491</u>	<u>150,001</u>
Net position, beginning of year	<u>26,280</u>	<u>594,298</u>	<u>134,873</u>	<u>755,451</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 34,454</u>	<u>\$ 658,634</u>	<u>\$ 212,364</u>	<u>\$ 905,452</u>

CITY OF AMERICAN CANYON
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2017

	Building Maintenance	Fleet	Information Technology	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from interfund services provided	\$ 407,300	\$ 547,482	\$ 431,200	\$ 1,385,982
Cash paid to suppliers	(251,098)	(197,818)	(220,658)	(669,574)
Cash paid to employees and related benefits	(118,682)	(147,844)	(18,041)	(284,567)
CASH PROVIDED BY OPERATING ACTIVITIES	37,520	201,820	192,501	431,841
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental revenue received		39		39
Amounts received (paid) to other funds	(26,649)	(18,228)	8,800	(36,077)
CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(26,649)	(18,189)	8,800	(36,038)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital expenditures		(242,666)		(242,666)
Principal paid on long-term liabilities		(29,143)		(29,143)
Proceeds from disposal of capital assets		25,750		25,750
Interest paid on long-term liabilities		(7,615)		(7,615)
CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES		(253,674)		(253,674)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	420	1,132	1,098	2,650
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,291	(68,911)	202,399	144,779
Cash and cash equivalents, beginning of year	137,048	220,892	145,927	503,867
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 148,339	\$ 151,981	\$ 348,326	\$ 648,646
RECONCILIATION OF OPERATING (LOSS) INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 18,426	\$ 42,653	\$ 67,227	\$ 128,306
Adjustments to reconcile operating income (loss) to cash provided by operating activities:				
Depreciation and amortization		168,536		168,536
Postemployment benefit accrual	623	685	62	1,370
Change in pension obligation and related deferred inflows (outflows)	(12,550)	(15,881)	(6,290)	(34,721)
Changes in operating assets and liabilities:				
Prepaid expenses	226	244	18	488
Accounts payable and accrued expenses	29,010	4,057	131,083	164,150
Compensated absence accrual	1,785	1,526	401	3,712
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 37,520	\$ 201,820	\$ 192,501	\$ 431,841

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 Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2017

	Balance June 30, 2016	Additions	Reductions	Balance June 30, 2017
<u>American Canyon Road East Assessment District</u>				
<u>Assets</u>				
Cash and investments	\$ 699,238	\$ 166,657		\$ 865,895
Restricted cash and investments	563,267		\$ (141,500)	421,767
Taxes receivable	3,445	1,970		5,415
Interest receivable	614	819		1,433
TOTAL ASSETS	<u>\$ 1,266,564</u>	<u>\$ 169,446</u>	<u>\$ (141,500)</u>	<u>\$ 1,294,510</u>
<u>Liabilities</u>				
Agency obligations	\$ 1,266,564	\$ 27,946	\$ -	\$ 1,294,510
TOTAL LIABILITIES	<u>\$ 1,266,564</u>	<u>\$ 27,946</u>	<u>\$ -</u>	<u>\$ 1,294,510</u>
<u>La Vigne Assessment District</u>				
<u>Assets</u>				
Cash and investments	\$ 896,964	\$ 56,158		\$ 953,122
Restricted cash and investments	292,459	2,199		294,658
Taxes receivable	3,383	877		4,260
Interest receivable	1,059	859		1,918
TOTAL ASSETS	<u>\$ 1,193,865</u>	<u>\$ 60,093</u>	<u>\$ -</u>	<u>\$ 1,253,958</u>
<u>Liabilities</u>				
Agency obligations	\$ 1,193,865	\$ 60,093		\$ 1,253,958
TOTAL LIABILITIES	<u>\$ 1,193,865</u>	<u>\$ 60,093</u>	<u>\$ -</u>	<u>\$ 1,253,958</u>
<u>Total Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$ 1,596,202	\$ 222,815		\$ 1,819,017
Restricted cash and investments	855,726	2,199	\$ (141,500)	716,425
Taxes receivable	6,828	2,847		9,675
Interest receivable	1,673	1,678		3,351
TOTAL ASSETS	<u>\$ 2,460,429</u>	<u>\$ 229,539</u>	<u>\$ (141,500)</u>	<u>\$ 2,548,468</u>
<u>Liabilities</u>				
Agency obligations	\$ 2,460,429	\$ 88,039	\$ -	\$ 2,548,468
TOTAL LIABILITIES	<u>\$ 2,460,429</u>	<u>\$ 88,039</u>	<u>\$ -</u>	<u>\$ 2,548,468</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)**

	Prior Years									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental activities:										
Net investment in capital assets	\$ 250,971,443	\$ 256,124,111	\$ 257,279,990	\$ 253,763,878	\$ 253,484,193	\$ 256,298,710	\$ 264,170,866	\$ 262,265,389	\$ 265,385,854	\$ 264,189,215
Restricted	17,020,361	9,033,170	7,104,451	5,545,510	13,585,903	12,513,568	12,856,505	13,031,111	13,009,697	13,908,483
Unrestricted	20,757,525	27,809,270	25,464,653	27,430,671	12,415,149	9,050,617	10,950,108	2,513,594	2,076,005	2,454,460
Total governmental activities net position	288,749,329	292,966,551	289,849,094	286,740,059	279,485,245	277,862,895	287,977,479	277,810,094	280,471,556	280,552,158
Business-type activities:										
Net investment in capital assets	\$ 43,155,744	\$ 44,253,424	\$ 48,837,064	\$ 47,246,749	\$ 50,758,608	\$ 49,583,193	\$ 52,726,436	\$ 51,267,144	\$ 50,662,110	\$ 49,753,722
Restricted	6,785,993	11,559,556	7,387,841	8,466,754	4,723,486	4,541,608	2,598,062	2,088,606	2,811,555	3,012,029
Unrestricted	4,707,005	4,828,423	4,976,718	4,391,198	6,695,379	7,190,877	8,214,087	4,224,005	6,993,828	9,422,288
Total business-type activities	54,648,742	60,641,403	61,201,623	60,104,701	62,177,473	61,315,678	63,538,585	57,579,755	60,467,493	62,188,039
Primary government (City wide totals)										
Net investment in capital assets	\$ 294,127,187	\$ 300,377,535	\$ 306,117,054	\$ 301,010,627	\$ 304,242,801	\$ 305,881,903	\$ 316,897,302	\$ 313,532,533	\$ 315,007,964	\$ 313,942,937
Restricted	23,806,354	20,592,726	14,492,292	14,012,264	18,309,389	17,055,176	15,454,567	15,119,717	15,821,252	16,920,512
Unrestricted	25,464,530	32,637,693	30,441,371	31,821,869	19,110,528	16,241,494	19,164,195	6,737,599	9,069,833	11,876,748
Total primary government net position	\$ 343,398,071	\$ 353,607,954	\$ 351,050,717	\$ 346,844,760	\$ 341,662,718	\$ 339,178,573	\$ 351,516,064	\$ 335,389,849	\$ 339,899,049	\$ 342,740,197

Data Source: 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)

	Prior Years									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental activities:										
General government	\$ 2,967,301	\$ 2,792,871	\$ 5,925,952	\$ 5,742,030	\$ 4,309,153	\$ 5,069,455	\$ 4,749,018	\$ 5,647,996	\$ 5,295,617	\$ 5,074,386
Public safety	7,890,538	9,528,522	9,230,672	8,995,695	9,147,931	9,456,173	10,001,059	10,585,106	12,125,365	11,620,139
Community development	2,398,727	1,931,299	2,019,771	1,922,780	8,903,969	1,295,309	1,601,943	2,383,201	2,782,954	5,282,633
Parks and recreation	1,881,005	2,282,212	2,028,223	1,962,488	1,745,163	2,067,811	2,328,669	2,503,744	2,924,419	3,625,019
Public works	3,833,395	4,195,481	3,529,403	5,000,879	5,358,661	4,654,492	5,304,938	6,509,082	6,131,623	5,221,293
Interest on long-term debt	452,048	97,246	417,421	510,893	448,057	446,187	344,223	329,915	278,204	262,354
Total governmental activities expenses	<u>19,423,014</u>	<u>20,827,631</u>	<u>23,151,442</u>	<u>24,134,765</u>	<u>29,912,934</u>	<u>22,989,427</u>	<u>24,329,850</u>	<u>27,959,044</u>	<u>29,538,182</u>	<u>31,085,824</u>
Business-type activities:										
Water	6,401,819	5,074,018	4,951,067	6,020,578	4,894,501	5,502,434	6,191,545	7,350,323	5,362,693	6,107,343
Wastewater	4,263,817	4,072,014	3,623,805	3,885,692	4,356,356	3,843,559	3,555,274	4,013,398	4,992,726	4,023,167
Transit	21,896	30,060	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>10,687,532</u>	<u>9,176,092</u>	<u>8,574,872</u>	<u>9,906,270</u>	<u>9,250,857</u>	<u>9,345,993</u>	<u>9,746,819</u>	<u>11,363,721</u>	<u>10,355,419</u>	<u>10,130,510</u>
Total City government expenses	<u>\$ 30,110,546</u>	<u>\$ 30,003,723</u>	<u>\$ 31,726,314</u>	<u>\$ 34,041,035</u>	<u>\$ 39,163,791</u>	<u>\$ 32,335,420</u>	<u>\$ 34,076,669</u>	<u>\$ 39,322,765</u>	<u>\$ 39,893,601</u>	<u>\$ 41,216,334</u>
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 2,189,873	\$ 441,894	\$ 536,747	\$ 365,857	\$ 212,295	\$ 184,060	\$ 484,057	\$ 534,179	\$ 636,987	\$ 724,671
Public safety	960,774	1,152,729	1,051,178	813,720	974,398	1,133,505	901,808	1,510,347	1,461,036	1,296,885
Community development	664,775	573,456	498,947	449,493	940,899	690,241	857,994	2,438,744	2,662,203	5,351,403
Parks and recreation	376,472	362,699	373,227	491,253	381,657	357,267	392,717	441,946	406,163	1,034,664
Public works	476,631	252,634	80,745	127,834	1,141,520	939,685	2,203,836	2,442,299	4,891,107	1,990,415
Operating grants and contributions	10,800,170	165,350	342,197	196,741	235,284	275,796	363,581	476,130	1,078,889	1,333,432
Capital grants and contributions	2,163,102	3,381,171	1,732,699	2,454,934	2,050,628	1,150,330	11,145,194	381,050	1,449,076	907,342
Total governmental activities program revenues	<u>17,631,797</u>	<u>6,329,933</u>	<u>4,615,740</u>	<u>4,899,832</u>	<u>5,936,681</u>	<u>4,730,884</u>	<u>16,349,187</u>	<u>8,224,695</u>	<u>12,585,461</u>	<u>12,638,812</u>
Business-type activities:										
Charges for services:										
Water	4,160,383	4,232,638	4,010,648	4,761,832	4,705,561	4,892,290	4,982,094	4,333,543	5,318,577	7,066,769
Wastewater	3,157,260	3,373,740	3,420,812	3,581,786	3,558,663	3,733,461	3,845,647	3,914,276	3,973,672	4,434,945
Transit	3,045	2,419	-	-	-	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-	-	4,026	10,410	711,601	580,429
Capital grants and contributions	2,934,877	1,347,892	2,597,250	1,523,559	1,013,181	184,707	4,084,830	242,025	2,301,541	284,400
Total business-type activities programs revenues	<u>10,255,565</u>	<u>8,956,689</u>	<u>10,028,710</u>	<u>9,867,177</u>	<u>9,277,405</u>	<u>8,810,458</u>	<u>12,916,597</u>	<u>8,500,254</u>	<u>12,305,391</u>	<u>12,366,543</u>
Total City government program revenues	<u>\$ 27,887,362</u>	<u>\$ 15,286,622</u>	<u>\$ 14,644,450</u>	<u>\$ 14,767,009</u>	<u>\$ 15,214,086</u>	<u>\$ 13,541,342</u>	<u>\$ 29,265,784</u>	<u>\$ 16,724,949</u>	<u>\$ 24,890,852</u>	<u>\$ 25,005,355</u>

(Continued)

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

	Prior Years									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net(Expense)Revenue:										
Governmental activities	\$ (1,791,217)	\$ (14,497,698)	\$ (18,535,702)	\$ (19,234,933)	\$ (23,976,253)	\$ (18,258,543)	\$ (7,980,663)	\$ (19,734,349)	\$ (16,952,721)	\$ (18,447,012)
Business-type activities	(431,967)	(219,403)	1,453,838	(39,093)	26,548	(535,535)	3,169,778	(3,414,199)	1,949,972	2,236,033
Total City government	<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>	<u>\$ (15,002,749)</u>	<u>\$ (16,210,979)</u>
General Revenues and Other Changes in in Net Position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 10,673,890	\$ 10,852,126	\$ 10,162,212	\$ 10,510,243	\$ 10,343,648	\$ 10,261,072	\$ 10,599,981	\$ 11,480,330	\$ 12,317,143	\$ 12,738,881
Sales taxes	2,446,951	2,275,741	2,888,182	2,705,763	2,024,495	2,489,832	2,294,150	2,358,219	2,589,452	2,301,445
Other taxes	2,717,561	2,905,454	1,104,662	1,330,655	2,215,564	2,632,783	2,785,624	3,002,106	3,076,637	3,076,198
Unrestricted grants and contributions	110,157	79,109	55,668	83,979	-	-	-	-	-	-
Investment earnings	1,368,236	666,535	203,205	307,741	274,619	143,321	227,702	272,849	372,728	(1,047)
Settlement award (Note 13)	-	7,593,000	-	-	-	-	-	-	-	-
Miscellaneous	472,604	555,019	110,698	129,688	875,336	111,822	485,625	300,765	524,995	543,725
Transfers	483,198	(6,212,064)	893,618	1,057,829	1,110,118	997,363	1,702,165	994,725	(266,772)	868,412
Total governmental activities	<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>	<u>18,614,183</u>	<u>19,527,614</u>
Business-type activities										
Investment earnings and other					66,177	517,929	755,294	617,971	630,994	392,925
Transfers	243,132	6,212,064	(893,618)	(1,057,829)	(1,110,118)	(997,363)	(1,702,165)	(944,725)	266,772	(868,412)
Total business-type activities	<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>(326,754)</u>	<u>897,766</u>	<u>(475,487)</u>
Total City government	<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>\$ 18,082,240</u>	<u>\$ 19,511,949</u>	<u>\$ 19,052,127</u>
Change in net position:										
Governmental activities	\$ 16,481,380	\$ 4,217,222	\$ (3,117,457)	\$ (3,109,035)	\$ (7,132,473)	\$ (1,622,350)	\$ 10,114,584	\$ (1,325,355)	\$ 1,661,462	\$ 1,080,602
Business-type activities	(188,835)	5,992,661	560,220	(1,096,922)	(1,017,393)	(1,014,969)	2,222,907	(3,876,163)	2,847,738	1,760,546
Total City government	<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>	<u>\$ 4,509,200</u>	<u>\$ 2,841,148</u>

Data Source: 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									Total
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total General Fund	Nonspendable	Restricted		Committed	Assigned		Unassigned			
								Special Revenue and Debt Service	Capital Projects	Special Revenue	Special Revenue	Capital Projects	Special Revenue	Capital Projects		
2017	\$ 687,237	\$ 141,751	\$ 6,117,954	\$ 1,201,941	\$ 215,304	\$ 8,364,187	\$ 688	\$ 2,456,754	\$ 4,869,873	\$ 1,347,000	\$ 3,848,526		\$ (594,550)	\$ (1,277,506)	\$ 10,650,785	
2016	909,462	89,269	5,859,953	1,491,026	1,548,892	9,898,602	688	2,393,720	5,096,773	1,347,000	3,459,116	\$ 552,760	(820,055)	(113,358)	11,916,644	
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	
							<u>Unreserved, reported in</u>									
<u>Reserved</u>		<u>Unreserved</u>					<u>Reserved</u>	<u>Designated for Other Purposes</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Total</u>					
2010	\$ 4,287,304	\$ 5,787,462				\$ 10,074,766	\$ 2,361,971	\$ 1,447,000	\$ 2,988,237		\$ 4,435,237					
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					

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

	Prior Years									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes	\$ 14,165	\$ 14,196	\$ 14,155	\$ 14,547	\$ 15,272	\$ 15,313	\$ 15,992	\$ 17,896	\$ 22,553	\$ 19,242
Special assessments	473	498	515	457	435	447	455	471	488	550
Licenses and permits	633	578	530	329	338	337	337	446	455	460
Fines and forfeits	196	178	177	131	203	153	120	112	95	98
Intergovernmental	3,032	3,163	1,286	2,147	1,120	1,079	1,280	874	3,049	1,689
Charges for services	3,745	3,504	1,566	1,613	1,051	1,156	2,025	4,496	3,572	4,913
Other revenues	2,408	8,769	755	744	1,315	998	1,179	1,022	1,275	851
Total revenues	24,652	30,886	18,984	19,968	19,734	19,483	21,389	25,317	31,487	27,803
Expenditures:										
General government	4,577	5,117	4,587	5,004	3,670	3,896	4,066	5,064	5,111	5,237
Public safety	7,630	8,374	8,849	8,646	8,897	9,377	9,554	9,734	10,731	11,063
Parks and Recreation	1,748	2,217	2,023	1,934	1,597	1,073	1,192	2,202	2,665	3,615
Comm. Dev. and Public Works	4,974	4,933	4,231	3,909	4,278	4,557	5,496	6,597	5,453	7,619
Capital outlay	10,580	5,759	3,803	194	947	2,445	2,277	1,200	5,260	3,040
Principal	351	401	439	463	478	502	537	560	583	606
Interest	441	469	495	511	488	460	394	373	314	291
Total expenditures	30,301	27,270	24,427	20,661	20,355	22,310	23,516	25,730	30,117	31,471
Excess of revenues over (under) expenditures	(5,648)	3,616	(5,442)	(693)	(621)	(2,827)	(2,127)	(413)	1,370	(3,668)
Other Financing Sources (Uses)										
Proceeds from borrowing	-	1,075	-	-	-	2,222	-	-	-	-
Sale of Affordable Hsng Site	410	371	-	-	-	-	-	-	-	-
Payments to escrow agent	-	-	-	-	-	(2,465)	-	-	-	-
Transfers in	6,064	5,003	9,535	3,609	4,028	4,065	5,447	3,742	9,050	5,403
Transfers out	(4,574)	(11,215)	(8,641)	(2,551)	(2,918)	(3,068)	(3,745)	(2,747)	(10,097)	(4,535)
Sale of Assets	-	-	-	-	-	-	24	-	-	-
Total other financing Sources (Uses)	1,900	(4,766)	894	1,058	1,110	754	1,726	995	(1,047)	868
Net change in fund balances	\$ (3,748)	\$ (1,150)	\$ (4,548)	\$ 365	\$ 489	\$ (2,073)	\$ (401)	\$ 581	\$ 323	\$ (2,800)
Debt service as a percentage of noncapital expenditures	4.0%	4.0%	4.5%	4.8%	5.0%	4.8%	4.4%	3.8%	3.6%	3.2%

Data 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
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
2015-2016	12,348	1,509	722	168	607	15,354
2016-2017	12,705	1,546	727	166	600	15,744

Data Source: 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)**

Fiscal Year	Residential	Commercial	Industrial	Vacant Land	SBE Nonunitary	Possessory Int.	Unsecured	Other	Total	Total Direct Rate
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%
2015-2016	1,724,766	143,476	413,039	59,632	42	17,265	196,671	14,027	2,568,918	0.28%
2016-2017	1,806,564	162,450	462,896	72,072	42	18,507	209,045	14,217	2,745,793	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 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 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 are 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 2007/08 - 2016/17 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	Prior Years									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	0.011	0.024	0.025	0.017	0.025	0.025	0.027	0.026	0.026	0.025
Napa Valey Unified School District	0.031	0.057	0.073	0.061	0.073	0.065	0.072	0.069	0.063	0.114
Total Direct & Overlapping² Tax Rates	0.042	0.081	0.099	0.078	0.097	0.090	0.099	0.095	0.089	0.140
City's Share of 1% Levy per Prop 13³	0.354	0.354	0.296	0.296	0.296	0.296	0.296	0.296	0.296	0.296
Total Direct Rate⁴	0.285	0.285	0.285	0.282	0.281	0.277	0.276	0.276	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 property resides 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 included in tax 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 2007/08 - 2016/17 Tax Rate Tale

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
2016/17 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	
Coca Cola Company		\$ -	0.00%	1	\$ 194,555	24.61%	\$ 194,555	1.73%	Unsecured American Canyon Gen Fund
SDG Hanna Court 411 LLC	2	143,041	1.37%				143,041	1.27%	Industrial American Canyon Gen Fund
Biagi and Associates	1	113,145	1.08%	1	1,489	0.19%	114,634	1.02%	Industrial American Canyon Gen Fund
MEZZETTA 125 LP	1	107,358	1.03%				107,358	0.96%	Industrial American Canyon Gen Fund
Sutter Home Winery Inc	2	98,801	0.95%				98,801	0.88%	Industrial American Canyon Gen Fund
5500 Eucalyptus Dr Apts	1	91,097	0.87%				91,097	0.81%	Residential American Canyon Gen Fund
Barry Callebaut USA LLC				1	90,266	11.42%	90,266	0.80%	Unsecured American Canyon Gen Fund
Broadstone HC California LLC	2	84,789	0.81%				84,789	0.75%	Industrial American Canyon Gen Fund
Hanna 760 LP	2	82,616	0.79%				82,616	0.74%	Industrial American Canyon Gen Fund
BDC American Canyon LP	5	73,982	0.71%				73,982	0.66%	Commercial American Canyon Gen Fund
Top Ten Totals	16	794,829	7.61%	3	286,310	36.22%	1,081,139	9.62%	
City Totals		\$ 10,443,758			\$ 790,527		\$ 11,234,286		

*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 2016/17 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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
2007/08 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	
5500 Eucalyptus Dr Apts	1	\$ 108,043	1.11%				\$ 108,043	1.06%	Residential American Canyon Gen Fund
SDG Commerce 201 LLC	4	83,928	0.86%				83,928	0.82%	Industrial American Canyon Gen Fund
Sutter Home Winery Inc	2	80,641	0.83%				80,641	0.79%	Industrial American Canyon Gen Fund
Butterfly Effect Hotels LLC	2	76,673	0.79%				76,673	0.75%	Commercial American Canyon Gen Fund
American Canyon Beverages				1	\$ 65,989	13.36%	65,989	0.65%	Unsecured American Canyon Gen Fund
125 Mezzetta Court	1	58,233	0.60%				58,233	0.57%	Industrial American Canyon Gen Fund
Pokka USA Inc	1	\$ 57,264	0.59%				\$ 57,264	0.56%	Industrial American Canyon Gen Fund
LBL DUC II Scally Ranch LLC	280	49,275	0.51%				49,275	0.48%	Residential American Canyon Gen Fund
Barry Callebaut USA LLC				1	\$ 46,752	9.47%	46,752	0.46%	Unsecured American Canyon Gen Fund
BDC American Canyon LP	5	38,141	0.39%				38,141	0.37%	Commercial American Canyon Gen Fund
Top Ten Totals	296	552,198	5.68%	2	112,741	22.83%	664,939	6.51%	
City Totals		\$ 9,714,701			\$ 493,838		\$ 10,208,539		

*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 2007/08 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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 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
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%
2016	12,317,143	12,317,143	100%
2017	12,738,881	12,738,881	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			
2008	-	\$ 3,205	\$ -	\$ 6,695	\$ 5,776	\$ 11,545	\$27,221	6.97%	\$ 1,676
2009	-	3,030	-	7,727	5,490	10,399	26,646	6.91%	1,613
2010	-	2,850	-	7,467	5,355	9,565	25,237	5.72%	1,499
2011	-	2,660	-	7,194	5,214	11,772	26,840	5.47%	1,355
2012	-	2,465	-	6,912	-	10,157	19,534	3.77%	983
2013	-	2,017	-	6,615	-	8,773	17,405	3.23%	870
2014	-	1,792	-	6,303	-	7,331	15,426	2.74%	772
2015	-	1,559	-	6,263	827	6,214	14,863	2.60%	730
2016	-	1,318	-	5,892	2,408	5,505	15,123	3.67%	744
2017	-	1,069	-	5,506	1,975	4,827	13,377	2.07%	650

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		
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
2016	-	1,318,000	1,318,000	0.05%	65
2017	-	1,069,000	1,069,000	0.04%	52

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
Computation of Direct and Overlapping Debt
As of June 30, 2017

2016-17 Assessed Valuation: \$2,745,793,523

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2017	% Applicable (1)	City's Share of Debt 6/30/2017
Napa Joint Community College District	\$ 13,557,722	7.769%	\$ 8,822,299
Napa Valley Unified School District	431,274,855	11.719%	50,541,100
City of American Canyon 1915 Act Bonds	17,649,200	100.000%	17,649,200
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 77,012,599</u>
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Napa County Certificates of Participation	24,250,000	7.841%	\$ 1,901,443
Napa County Board of Education Certificate of Participation	2,585,000	7.841%	202,690
City of American Canyon General Fund Obligations	1,069,000	100.000%	1,069,000
City of American Canyon Capital Leases	5,506,115	100.000%	5,506,115
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u>\$ 8,679,247</u>
TOTAL DIRECT DEBT			6,575,115
TOTAL OVERLAPPING DEBT			<u>79,116,732</u>
COMBINED TOTAL DEBT			<u><u>\$ 85,691,847</u></u>

Ratios to Assessed Valuation:

Total Direct Debt (\$6,575,115)	0.24%
Total Overlapping Tax and Assessment Debt.	2.80%
Combined Total Debt	3.12%

Data Source: California Municipal Statistics, Inc.

- (1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
- (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

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
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%
2016	2,568,918,377	96,334,439	1,318,000	95,016,439	1.37%
2017	2,745,793,523	102,967,257	1,069,000	101,898,257	1.04%

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
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
2016	1,533,089	-	672,600	950,079	0.94
2017	1,512,432	-	702,800	921,059	0.93

State of California Water Loan

	Water Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		
					Principal	Interest	Coverage
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	5,825,479	(1,041,252)	59,210	23,008	(12.66)
2016	5,895,551	1,410,622	3,785,935	3,520,238	60,646	21,538	42.83
2017	7,266,136	149,456	4,508,226	2,907,366	62,208	19,945	35.39

State of California Wastewater Construction Loan

	Wastewater Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		
					Principal	Interest	Coverage
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
2016	4,234,717	890,919	2,161,955	2,963,681	599,475	126,221	4.08
2017	4,709,025	134,944	2,347,478	2,496,491	615,660	109,598	3.44

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

Operating expenses exclude depreciation and amortization

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

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

<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (thousands of dollars)</u>	<u>Median Household Income</u>	<u>Unemployment Rate</u>
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	20,374	571,557	81,955	5.40%
2016	20,338	411,763	75,997	5.40%
2017	20,570	646,021	83,673	5.00%

Source: MuniServices, LLC

Source: 2014-15 and prior, previously published CAFR

(1) Population Projections are provided by the California Department of Finance Projections.

(2) Income Data is provided by the United States Census Data and is adjusted for inflation.

(3) Unemployment rate is provided by the EDD's Bureau of Labor Statistics Department.

Schedule 16
City of American Canyon
Principal Employers (Ten Largest)
Calendar Year 2017 vs Calendar Year 2008

Employer	2017			2008		
	Rank	Number Employees	Percentage of Total City Employment	Rank	Number Employees	Percentage of Total City Employment
G.L. Mezzetta, Inc.	1	375	3.61%	2	195	3.98%
Ikea Distribution Services, Inc.	2	350	3.37%			
Walmart Supercenter	3	346	3.33%	1	513	10.47%
Napa Valley Unified School District (AC)	4	305	2.93%			
McGrew Behavior Intervention Svcs	5	239	2.30%			
Coca-Cola Amcan Beverages	6	150	1.44%	3	175	3.57%
The Hess Collection Winery	6	150	1.44%			
Safeway Inc. #1883	7	116	1.12%	4	120	2.45%
Wine Direct Inc.	8	112	1.08%			
City of American Canyon	9	110	1.06%	5	74	1.51%
Western Wine Services, Inc.	10	100	0.96%			
Sutter Home Winery, Inc.				6	55	1.12%
Barry Callebaut				7	50	1.02%
Culligan				8	45	0.92%
Diablo Timber				9	33	0.67%
All Bay Mill & Lumber Co.				10	30	61.0%
Adobe Lumber Co				6	59	1.20%

Data Source: Business License

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

Function/Program	Prior Years									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	1.85	2.15	2.15	2.15	2.15	2.55	2.55	3.50
City Clerk	1.40	1.40	1.40	1.40	1.40	1.40	1.40	1.65	1.65	2.00
Human Resources	2.00	2.00	2.00	2.00	1.50	1.50	-	-	-	2.20
Administrative Services										
Human Resources	-	-	-	-	-	-	1.50	2.20	2.20	-
Finance	4.90	4.90	4.90	4.60	4.60	4.60	4.60	4.30	4.80	4.80
Information Systems	0.20	0.20	0.20	0.20	0.20	0.20	0.20	-	-	-
Utility	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.40	3.40	3.40
Public safety:										
Police	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Non Departmental	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Community development:										
Planning	2.20	2.20	2.20	1.60	1.60	1.60	1.60	3.25	3.25	3.25
Building and safety	8.00	8.00	8.00	3.25	3.25	3.25	3.25	3.25	4.25	4.25
Economic Development	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.54	0.54	0.00
Housing Services	0.60	0.60	0.60	0.10	0.10	0.10	0.10	-	-	-
City Engineer	-	-	-	1.30	1.30	1.30	1.30	-	-	-
Affordable Housing	-	-	0.25	0.25	0.25	0.25	0.25	0.10	0.10	-
Parks and Recreation:										
Park Maintenance	5.95	5.95	5.75	5.20	5.35	5.20	5.35	5.40	5.40	6.50
Parks & Recreation Administration	-	-	-	-	-	-	-	2.20	2.70	3.70
Recreation Program & Events	3.30	3.30	2.90	2.75	2.80	2.75	2.80	1.80	2.80	2.80
Aquatics Programs	2.30	2.30	2.30	2.30	2.30	2.30	2.30	1.60	1.60	1.50
Building & Equipment Maintenance	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	3.50	3.50
Engineering	1.65	1.65	1.90	-	-	-	-	-	-	-
Street Maintenance	5.85	5.85	5.35	3.45	3.45	3.45	3.45	2.90	3.30	3.30
Storm Drain	1.95	1.95	2.35	1.55	1.95	1.95	1.95	2.00	2.60	1.60
Capital Projects	-	-	-	2.00	1.60	1.60	1.60	3.00	4.00	4.00
Fleet	-	1.05	1.40	1.10	1.10	1.10	1.10	-	-	-
City Engineer	-	-	-	-	-	-	-	1.00	1.00	1.00
Water:										
Treatment and Distribution	9.75	9.75	9.85	9.10	9.05	9.05	9.05	9.08	10.08	11.25
Wastewater:										
Collection and Treatment	9.85	9.35	8.25	12.60	12.00	12.00	12.00	12.23	9.73	9.40
Storm Water Quality	0.35	0.50	0.50	0.45	0.45	0.45	0.45	-	-	-
Solid Waste	-	0.35	0.35	0.35	0.35	0.35	0.35	0.35	3.35	3.35
Internal Service:										
Building Maintenance	-	-	-	-	-	-	-	1.00	1.00	1.00
Fleet Operations	-	-	-	-	-	-	-	1.10	1.10	1.10
Information Systems	-	-	-	-	-	-	-	0.10	0.10	0.10
Totals	81.00	81.00	80.00	75.50	74.50	74.30	74.50	77.50	84.00	86.50

Data Source: Human Resources Department

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

	Prior Years									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Physical arrest	520	595	543	614	701	842	790	471	569	493
Traffic violations	2,035	1,897	1,817	1,748	2,001	1,639	1,336	971	886	1,189
Fire:										
Emergency responses	1,320	1,393	1,355	1,286	1,441	1,437	1,449	1,627	1,615	1,802
Structure Fires	29	20	10	16	14	6	6	17	20	20
Fire Loss (Thousand \$)	400	285	279	19	72	-	-	-	-	-
Fire Engines	8	6	6	6	6	6	6	6	6	6
Inspections	171	184	261	218	279	264	199	229	216	393
Construction Inspection	120	103	111	75	111	108	50	44	78	100
Planning:										
Building permits issued	375	352	327	285	296	299	360	520	524	496
Public works:										
Miles streets resurfaced	1.56	0.77	0.51	-	0.12	-	-	1.75	0.15	7.00
Parks:										
Community events held	19	19	24	22	26	35	37	41	46	41
Swimming pool admissions	20,000	21,480	18,494	16,063	15,313	16,261	47,720	48,222	49,142	49,302
Water:										
Number of new services	668	732	761	711	697	633	493	402	418	449
Daily average water production in MGD	3.53	3.20	2.84	2.87	2.95	3.10	3.15	2.87	2.49	2.31
Daily average water consumption in MGD	4.06	2.88	2.46	2.67	2.73	2.94	2.89	2.39	2.08	2.02
Wastewater:										
Daily average treatment in millions gallons(MGD)	1.55	1.54	1.54	1.71	1.65	1.61	1.62	1.54	1.54	1.86

Data Source: Various departments within the City of American Canyon

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

Function/Program	Prior Years									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	12	12	12	12	13	15	19	17	17
Fire										
Stations	2	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	14.2	14.2	38.1	38.1	38.1	38.1	38.1	38.1	38.1	38.1
Streetlights	1,233	1,233	1,233	1,233	1,233	1,233	1,233	1,233	1,233	1,233
Traffic signals	4	4	4	4	4	4	4	4	4	4
Parks and recreation:										
Community centers	2	2	3	3	3	3	3	3	3	3
Parks	22	22	22	22	22	22	22	22	22	22
Park acreage	79	79	79	79	79	79	79	79	79	79
Water:										
Miles of mains added	7	8	-	-	-	-	-	-	-	-
Number of services billed	5,147	5,208	5,232	5,455	5,529	5,565	5,593	5,594	5,621	5,654
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	4.70	4.70	4.70	4.70	4.70	4.70
Wastewater:										
Miles of sewers added	5	5	-	-	-	-	-	-	-	-
Number of services billed	4,667	4,738	4,809	4,856	4,910	4,971	4,983	5,004	5,016	5,012
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	2.53	0.00	2.45	0.00	0.00	0.00	0.00	0.00	0.40	0.00
Number of services billed	1	1	3	12	12	13	15	20	30	46
Storage capacity in million gallons	-	-	1.00	1.00	1.00	1.00	1.00	2.50	2.50	2.50

Data Source: Various departments within the City of American Canyon