



CITY OF AMERICAN CANYON

CALIFORNIA

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



Leon Garcia, Mayor
Don Callison, Vice Mayor
Joan Bennett, Councilmember
Cindy Coffey, Councilmember
Ed West, Councilmember

Richard Ramirez, City Manager

PREPARED BY FINANCE DEPARTMENT

Comprehensive Annual Financial Report Fiscal Year 2007-2008



*Veterans' Memorial Park * 2801 Broadway * Dedicated November 2008*

Prepared by the Department of Finance

Introductory Section



*Shenandoah Park * Donaldson Way East * Grand Opening October 2008*

CITY OF AMERICAN CANYON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2008

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CITY OF AMERICAN CANYON

Napa Valley's New Destination



February 3, 2009

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of American Canyon (City) for the fiscal year ended June 30, 2008. These financial statements are audited by Maze and Associates, a licensed certified public accounting firm. Their unqualified ("clean") opinion has been included as the first component of the financial section of this CAFR.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY AND ITS OPERATIONS

Incorporated in 1992, the City of American Canyon is the second largest city in Napa County. The City's population is 16,293 as of January 1, 2008, as estimated 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 wetlands preserve to the west, the foothills of the Sulphur Springs Mountain Range to the east and the City of Vallejo to the south, and the Napa Airport along with many 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 consisting of the Mayor and four other elected Council members. 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 is responsible for carrying out the policies and ordinances of the City Council, overseeing the daily operations of the City, appointing other employees and otherwise managing daily operations of the City. The City Council is comprised of five members and is elected on a non-partisan basis. The voters passed a measure to directly elect the Mayor to two year terms beginning in 2006. The other Council members serve four year staggered terms, with two members and the Mayor elected every two years.

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

The City's annual budget serves as the foundation for the City of American Canyon's financial planning and control system. Each year, all City departments submit requests for appropriations to the City Manager. The Manager uses these requests as a starting point for developing a proposed budget. The Manager presents his proposed budget to the Finance Sub-Committee followed by a presentation to the City Council each year. 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, amend the original budget to reflect changing needs.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered in relationship to the City's specific environment and the City's plans for the future.

Local Economy

Napa Valley is home to a world class wine region. The valley's vineyards planted on gently rolling hills are very picturesque and their bucolic charm attracts large numbers of tourists. It is estimated that each year, 4.3 million tourists visit over 300 wineries scattered throughout the valley. Tourist spending on lodging, restaurants, wine, and shopping make tourism a major contributor to the local economy.

The City of American Canyon, as the southern most city in the County, benefits from tourism, but to a large extent, the economic benefits are enjoyed much more by those cities in the north valley. Overall, the City's economy is doing well. Three new hotels were constructed in the past five years and the City is attracting more retail as its population grows. The City is focusing more of its efforts on tourism and trying to position itself as "Napa Valley's New Destination" in an effort to boost its economy. The City is proud to have been selected by Fortune Magazine as the 11th best City in the United States to live and launch a business.

The City has enjoyed many years of double digit percentage increases in property tax revenues which are the City's largest source of revenue. But in the increasingly poor economy, this came to a halt in fiscal year 2007-08. It is predicted these revenues will be flat until the economy improves during the second half of 2009 or the beginning of 2010. Recently, economists announced that the nation has been in a recession since 2007 and while Napa Valley has been buffered from it to some extent by tourism, it has

still had a negative impact on the local economy. The subprime mortgage crisis, continuing housing sector slowdown, growing unemployment and weak consumer and business spending have all had depressing impacts on the economy. These conditions have exacerbated the State of California's on-going efforts to fix its structural budget problems and balance its budget. The City's economy has slowed some over the past year, but overall, is doing reasonably well. In order to shore up its finances, the City has cut back optional spending on programs and staff to conserve its resources. There is still an ongoing threat that the State will exercise its option to take City revenues as a short term fix to balance its budget. However, the Governor has been unwavering in his refusal to take local government revenues because they would have to be repaid thereby providing only a short term fix and digging the State into an even deeper financial hole.

The housing sector continues to have major impacts on the economy both nationally and locally. The housing industry provides jobs to construction trade workers, building material sellers, realtors and mortgage related workers. Property taxes on homes generate unrestricted general fund revenue which is critical for the City in delivering services to its residents. Home construction also generates sales taxes from building material sales when are substantially less with the depressed economy.

Regional economic indicators for jobs, housing and building permits have been down but the San Francisco Bay area has not been hit as hard as the rest of the state. In the City, commercial construction activity has been on-going. The Holiday Inn is finishing construction of a new hotel which should be opening in the next few months. A full service car wash is currently under construction and a national drug store chain has plans to locate a store in town. The construction of American Canyon's first high school, a \$150 million project sized for 2,200 students, is well under way and is scheduled to open in the fall of 2010. The City completed tenant improvements on a new city hall and moved into the building in January 2009. Businesses in the Napa Junction Project, a major retail hub in the city which includes a Super Wal-Mart, have been a boost to the City's economy and appear to be doing well. Other businesses recently opened include a Chevron gas station complex and Sonic Burger fast food drive-through restaurant.

Economists are predicting that the housing market will be slow through 2010 and coupled with relatively high regional unemployment and weak consumer spending, the City may be required to spend down its reserves to provide the same level of services currently enjoyed by its residents. Due to its efforts in controlling spending, the City's general fund balance increased \$1.1 million over the prior year. This does not include an interfund transfer of \$1.8 million made to the general fund on the advice of our auditors when two internal service funds were closed. These two funds were established to account for City fleet operations which included a reserve for future vehicle purchases and a support services fund which allocated the costs for various services, including finance, human resources, and information technology, to benefitting funds and departments. After management review of accounting practices, these activities were transferred to the general fund. The City's Finance Committee, at its next meeting, will be reviewing the distribution and / or allocation of the internal service funds' ending cash reserves of \$1.8 million. The Committee will consider setting aside

these funds for special purposes including a future vehicle replacements reserve in the general, water and wastewater funds.

MAJOR INITIATIVES

Capital Improvement Program

The City's capital improvement program is a long range program for major municipal capital construction projects. Key projects completed over the past year were:

- ✓ Tenant Improvements and related expenses to the Broadway City Hall Building totaling \$2.8 million were completed in January 2009 and city staff from three locations were consolidated
- ✓ Broadway Property – Property adjacent to the Broadway City Hall building was purchased for \$1.1 million to provide improved traffic flow around City Hall and for future civic purposes
- ✓ Veterans' Memorial Park – Park improvements were completed for \$1.9 million and the park was dedicated in November 2008

Water Supply

The City receives the majority of its raw water supply through the North Bay Aqueduct, a state water project. During the past few years, the drought conditions in the state have required the state to materially decrease the City's water allocation. Currently, the State estimates, based on current forecasts, that it will only be able to supply 20 percent of the City's allocation. Historically, as the rainy season progresses, the State increases its forecasts. However, the City is committed to acquiring additional supplies should the drought continue.

Cash Resources and Practices

The City ended the fiscal year with investments totaling \$41 million. About seventy percent, \$28.7 million, was invested in the State of California Local Agency Investment Fund, a pooled investment arrangement. Another nine percent, \$3.8 million was invested with the Napa County Investment pool. The remaining twenty-one percent, \$8.5 million, mostly loan proceeds and debt reserves, was invested in money market mutual funds. These amounts are sufficient to enable the City 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 July 2008, the City entered into a lease financing arrangement for \$1.075 million to finance the purchase of property located adjacent to the new city hall building on Broadway Street. The City is in the process of constructing an access road on this property from Napa Junction Road to improve traffic flow.

The remaining debt is loans, leases and bonds entered into by the City to acquire sufficient funds to buy the office building on Broadway Street for the new city hall, upgrade or construct water and wastewater facilities and systems and to construct an aquatic and recreation facility. All debt service payments were made as required during the fiscal year, and all required reserves and debt service covenants were complied with by the City.

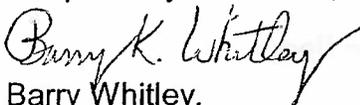
Pension Benefits

The City directly participates in the Public Employees Retirement System (PERS) of the State of California for all employees. The City plans to fund each year's required contribution to the regular and public safety plans as determined by the PERS based upon actuarial information. The City expects that required employer contributions will continue to increase in future years because PERS investment returns have not met goals. Additionally, the City entered into an irrevocable trust with PERS to fund its non-safety employee retiree health benefits and in December 2008, deposited \$900 thousand into the trust. 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.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor, Members of the City Council, and the City Manager for their continued support for maintaining the highest standards of professionalism in the management of the City of American Canyon's financial affairs.

Respectfully Submitted,



Barry Whitley,
Finance Director

City of American Canyon List of Principal Officials

Elected Officials

Leon Garcia, Mayor

Don Callison, Vice Mayor

Joan Bennett, Councilmember

Cindy Coffey, Councilmember

Ed West, Councilmember

Appointed Officials

City Manager

Richard Ramirez

Fire Chief

Glen Weeks

City Clerk

Dorothy Roadman

City Attorney

William Ross

Community Services Director

Randy Davis

Finance Director / Treasurer

Barry Whitley

Planning Director

Brent Cooper

Police Chief

Brian Banducci

Interim Public Works Director

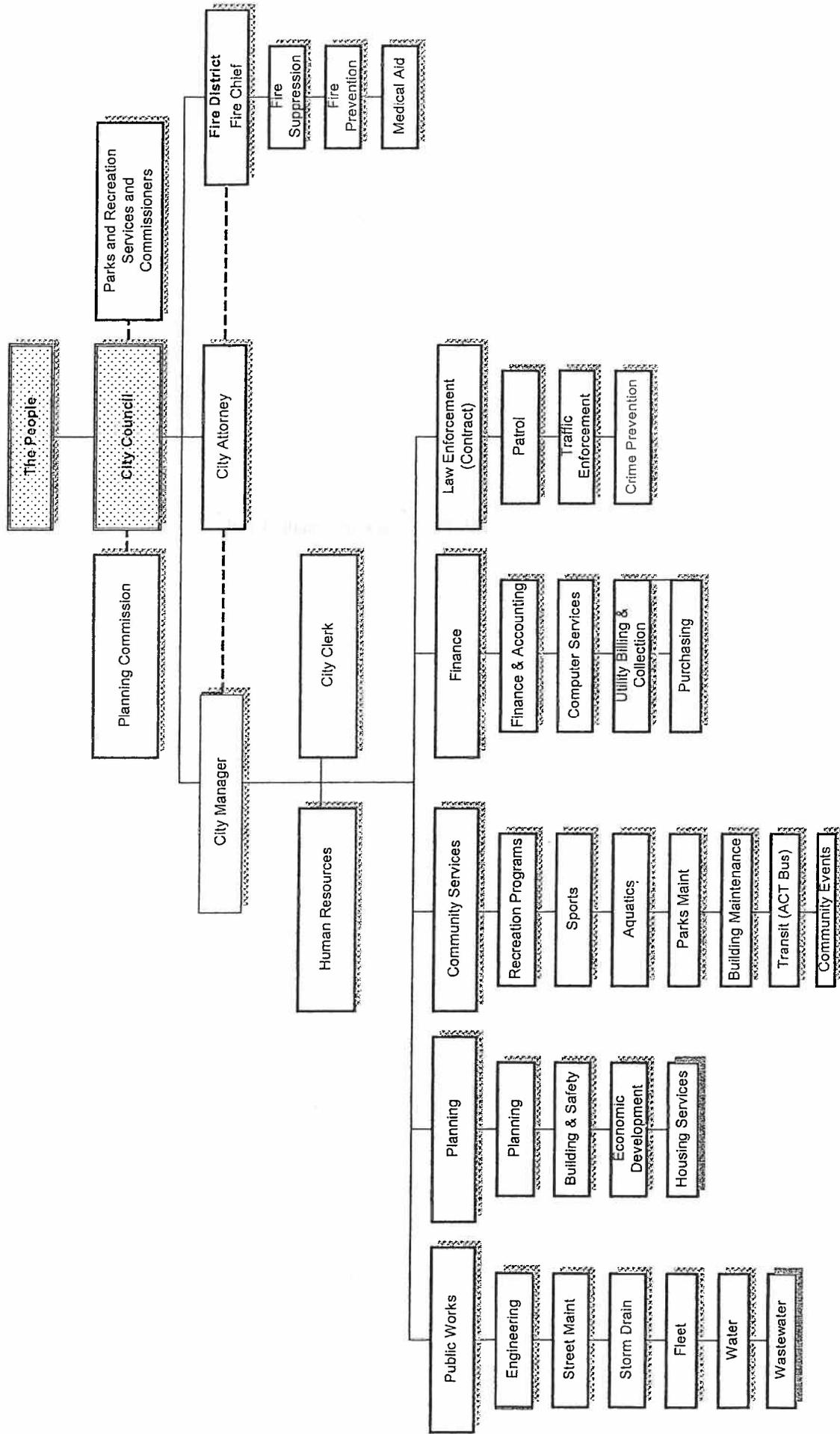
Jeff Attebury

Human Resources Director

Bronda Silva

City of American Canyon Organizational Chart

Fiscal Year 2007 - 2008



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THE UNIVERSITY OF
THE STATE OF NEW YORK
STATE UNIVERSITY OF
CANTON

Financial Section



*Holiday Inn Express * Grand Opening March 2009*



Napa Junction Retail Stores

To the City Council
City of American Canyon, California

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

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

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

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The supplemental information listed in the Table of Contents is presented for purposes of additional analysis and is not required as part of the basic financial statements of the City of American Canyon, California. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory section and statistical section listed in the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly we express no opinion on them.

Maze & Associates

November 19, 2008

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, 2008. Please read it in conjunction with the City's audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased by about \$8.0 million over the course of this year's operations after conducting all City operations and programs. The assets of the City exceeded its liabilities by about \$343.4 million at the end of the 2008 fiscal year. Of that amount, \$24.4 million (the unrestricted net assets) may be used to meet the City's ongoing obligations and operating expenses for the next fiscal year.
- Overall City-wide revenues from all governmental and business-type activities were \$46.4 million, an increase of about \$9.2 million compared to the 2007 fiscal year. This amount includes \$4.9 million from capital contributions of subdivision improvements completed by developers and dedicated to the City.
- The City's total expense of all programs in fiscal 2008 was \$30.1 million, an increase of about \$1.7 million compared to the 2007 fiscal year.
- The general fund reported a fund balance of \$11 million at the end of the 2008 year. The Fire District operations fund ended the 2008 year with a \$3.2 million fund balance.
- The City also ended the fiscal year with \$11.5 million reported in its proprietary enterprise funds (the amount of net assets available for use both restricted and unrestricted but excluding the investment in capital assets net of related debt). The City's other non-major governmental funds ended 2008 with about \$7.6 million available for special purposes; primarily infrastructure and capital asset additions.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – a *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and an optional section that presents *combining statements* for nonmajor 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, general government, community services, public works and streets were financed in the *short term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short- and long-term* financial information about the activities the government operates *like businesses*, such as the City's water, wastewater, and transit 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 nonmajor funds, each of which are added together and presented in single columns in the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 |
| <u>Scope</u> | Entire City government | The activities of the City that are not proprietary or fiduciary, such as police, fire, streets, general government, and community services | Activities the City operates similar to private businesses: the water, wastewater, and transit systems |
| <u>Required financial statements</u> | <ul style="list-style-type: none"> • Statement of net assets • 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 assets • Statement of revenues, expenses, and changes in net assets • Statement of cash flows |
| <u>Accounting basis and measurement focus</u> | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus |
| <u>Type of asset/liability information</u> | All assets and liabilities, both financial and capital, and short-term and long-term | Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included | All assets and liabilities, both financial and capital, and short-term and long-term |
| <u>Type of inflow/outflow information</u> | All revenues and expenses during 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 assets 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 assets* and how they have changed. Net assets – 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, increases or decreases in the City's net assets are 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, streets, public works, and community services. 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, wastewater, and transit 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 and fire district operations funds*, are reported in separate columns and all other governmental funds are aggregated in a single column.
- The City establishes other funds to control and manage money for particular purposes (such as the City's capital project fund). Some funds are maintained to demonstrate that the City is properly using certain specific fees for their intended purpose (such as the City's impact fee funds).
- Other funds are maintained for similar purposes but in addition, demonstrate the City's ability to repay its long-term debt obligations such as bonds.

The City has two kinds of funds:

- *Governmental funds* – The City's basic services are included in governmental funds, which focus on (1) *how cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term view* that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds* - The City maintains 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, wastewater, and transit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally. Prior to fiscal year 2007-08, the City used an internal service fund to account for its fleet of vehicles and administrative support services. This year, the City transitioned to accounting for most of these activities in the general fund. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements. 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. The internal service funds are presented in a separate column alongside the totals for the City's proprietary enterprise funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

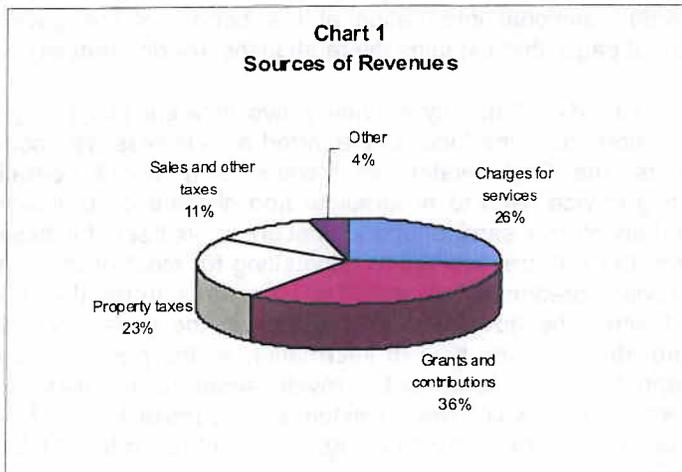
Net Assets. The City's *combined* net assets increased about \$8 million between fiscal years 2007 and 2008. (See Table A-1.)

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

| | Governmental Activities | | Business-Type Activities | | Total | | Total Percentage Change |
|----------------------------|-------------------------|--------------|--------------------------|-------------|--------------|-----------------|-------------------------|
| | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007-2008 |
| Current and other assets | \$ 72.7 | 42.4 | 13.1 | 13.6 | 85.8 | \$ 56 | -34.7% |
| Capital assets | 249.1 | 261.1 | 61.7 | 60.7 | 310.8 | 321.8 | 3.5% |
| Total assets | 321.8 | 303.5 | 74.8 | 74.3 | 396.6 | 377.8 | -4.7% |
| Long-term debt outstanding | 35.5 | 10.1 | 18.0 | 17.5 | 53.5 | 27.6 | -48.4% |
| Other liabilities | 5.6 | 4.6 | 2.0 | 2.1 | 7.6 | 6.7 | -11.8% |
| Total liabilities | 41.1 | 14.7 | 20.0 | 19.6 | 61.1 | 34.3 | -43.9% |
| Net assets | | | | | | | |
| Invested in capital assets | 227.6 | 251.0 | 43.6 | 43.2 | 271.2 | 294.2 | 8.5% |
| Restricted | 42.7 | 18.0 | 6.6 | 6.8 | 49.3 | 24.8 | -49.7% |
| Unrestricted | 10.3 | 19.7 | 4.6 | 4.7 | 14.9 | 24.4 | 63.8% |
| Total net assets | \$ 280.6 | 288.7 | 54.8 | 54.7 | 335.4 | \$ 343.4 | 2.4% |

Net assets of the City's governmental and business-type activities increased 2.4 percent to \$343.4 million. About 86% of the City's net assets is invested in capital assets such as buildings, land, equipment and facilities. The remaining 14% is essentially represented by cash, investments and receivables. About 80% of the City's total liabilities are represented by long-term obligations including lease revenue bonds, assessment bonds, capital leases, and loans from the State of California.

Changes in net assets. The City's major sources of revenue and functional expenses are presented in these charts 1 and 2. As summarized in Table A-2 below, revenues for fiscal year 2007-08 totaled \$45.7 million, about \$8.4 million higher than the prior year. Charges for services revenues were up 10%, grants and contributions were up 32% and sales and other taxes increased \$2.6 million. About 34% of the City's revenues come from taxes including property, sales, transient occupancy or other taxes. The remainder comes from fees charged for services, state, local and federal aid, and contributions.

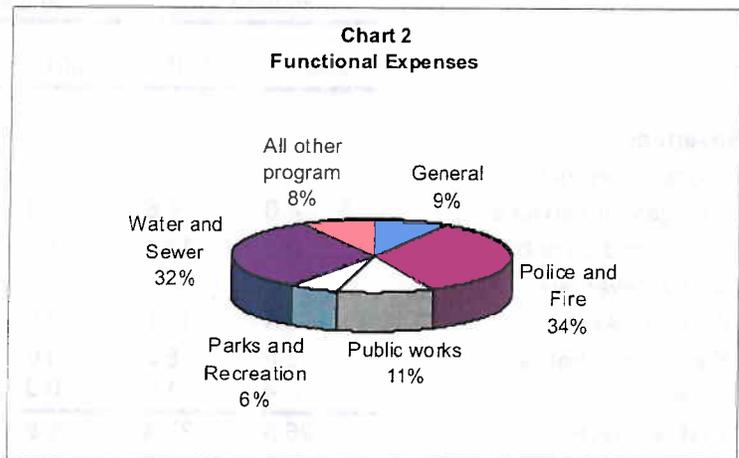


MANAGEMENT'S DISCUSSION AND ANALYSIS

Sales and other taxes increased largely due to the addition of businesses in the Napa Junction retail center and Green Island Industrial Park. Transient occupancy taxes increased \$180 thousand over the prior year while franchise fees increased \$135 thousand. Grants and contributions increased 32% to \$16 million. About \$4 million of the increase related to governmental activities resulted from impact fees and developer dedications of infrastructure to the City.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The total cost of all programs and services in 2008 was about \$30.1 million for a wide range of services such as police and fire protection, streets, public works, general administration, community services, water, wastewater and the support services operations. Major types of expenditures by function are shown in chart 2. As summarized in Table A-2, for fiscal year 2007-08, expenses increased 6% to \$30.1 million. Governmental activities expenses were down \$600 thousand chiefly because of cost cutting measures taken to conserve resources. Expenses for business type activities increased \$2.3 million



As illustrated chart 1, the City's primary source of revenue was grants and contributions totaling \$16 million or 36% of total revenues. About \$7.3 million or 16% of all City revenues were from water and wastewater service fees and capacity fees which were collected upon the issuance of building permits.

The majority of the City's operating expenses for fiscal year 2008 were incurred to provide police protection and fire protection services. These public safety expenditures account for 26% of the City's total 2008 operating expenses while the water and wastewater enterprises comprised 36% of total expenses. The public works and planning departments account for 21% of expenses while the remaining 18% was spent on parks and recreation programs and general City administration.

Governmental Activities

Revenues from all governmental type activities in fiscal year 2008 increased by \$8.9 million compared to 2007. Property taxes increased \$1.3 million on the vitality of commercial properties. Residential property values peaked and were in a modest decline during the year. In July 2008, the Napa County Assessor reported that 1,824 homes or 40% of the residential units in the City of American Canyon declined in value by an average of \$127,000. Notwithstanding this, property tax revenues increased almost 14 percent from the prior year. Additionally, the City realized gains in sales tax, transient occupancy tax and franchise fees over the prior year.

When all operations were concluded, the governmental activities generated a \$16.4 million increase in net assets for 2008 while business activities decreased \$200 thousand.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

| | Governmental Activities | | Business Type Activities | | Total | | Total Percentage Change |
|---|-------------------------|--------------|--------------------------|-------------|--------------|-----------------|-------------------------|
| | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007-2008 |
| Revenues | | | | | | | |
| Program revenues | | | | | | | |
| Charges for services | \$ 4.0 | 4.6 | 6.8 | 7.3 | 10.8 | \$ 11.9 | 10.2% |
| Grants and contributions | 8.1 | 13.0 | 4.0 | 3.0 | 12.1 | 16.0 | 32.2% |
| General revenues | | | | | | | |
| Property taxes | 9.4 | 10.7 | 0.0 | 0.0 | 9.4 | 10.7 | 13.8% |
| Sales and other taxes | 2.6 | 5.2 | 0.0 | 0.0 | 2.6 | 5.2 | 100.0% |
| Other | 2.4 | 1.9 | 0.0 | 0.0 | 2.4 | 1.9 | -20.8% |
| Total revenues | 26.5 | 35.4 | 10.8 | 10.3 | 37.3 | 45.7 | 22.5% |
| Expenses | | | | | | | |
| General government | 2.1 | 3.0 | 0.0 | 0.0 | 2.1 | 3.0 | 42.9% |
| Police services | 4.2 | 4.5 | 0.0 | 0.0 | 4.2 | 4.5 | 7.1% |
| Fire services | 3.4 | 3.4 | 0.0 | 0.0 | 3.4 | 3.4 | 0.0% |
| Public works | 4.4 | 3.8 | 0.0 | 0.0 | 4.4 | 3.8 | -13.6% |
| Planning | 2.1 | 2.4 | 0.0 | 0.0 | 2.1 | 2.4 | 14.3% |
| Recreation\parks | 2.3 | 1.9 | 0.0 | 0.0 | 2.3 | 1.9 | -17.4% |
| Water | 0.0 | 0.0 | 4.9 | 6.4 | 4.9 | 6.4 | 30.6% |
| Wastewater | 0.0 | 0.0 | 3.5 | 4.3 | 3.5 | 4.3 | 22.9% |
| Other | 1.5 | 0.4 | 0.0 | 0.0 | 1.5 | 0.4 | -73.3% |
| Total expenses | 20.0 | 19.4 | 8.4 | 10.7 | 28.4 | 30.1 | 6.0% |
| Excess (deficiency) before transfers | 6.5 | 16.0 | 2.4 | -0.4 | 8.9 | 15.6 | 75.3% |
| Transfers | 1.1 | 0.5 | -1.1 | 0.2 | 0.0 | 0.7 | |
| Increase(decrease) in net assets | 7.6 | 16.5 | 1.3 | -0.2 | 8.9 | 16.3 | 83.1% |
| Net assets, beginning | 264.7 | 272.3 | 53.6 | 54.9 | 318.3 | 327.2 | |
| Net assets, ending | \$ 272.3 | 288.8 | 54.9 | 54.7 | 327.2 | \$ 343.5 | 5.0% |

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

- The cost of all programs this year was \$30.1 million which, when compared to \$28.4 million in fiscal 2007, amounts to a 6% increase for the year. For governmental activities, program costs decreased in 2008 by about 3%. However, the enterprise activities costs were up, accounting for the cost increase.

Governmental Activities

- Users and contributors funded \$17.6 million of the city's governmental activity program expenses leaving the City to fund the other \$1.8 million. This shortfall was reduced from \$7.9 million in the prior year. The gap has been considerably reduced as a result of increases in charges for services and grants and contributions. Expenses decreased by \$600 thousand or 3% over the prior year. The expense of governmental services was absorbed by:
 - Those who directly benefited from or used the programs (\$ 4.6 million), and
 - Other governments, organizations and developers that subsidized certain programs with grants and contributions (\$ 13 million).

Business-Type Activities

The City's business-type activities, primarily water and wastewater, were responsible for a small decrease, about \$200 thousand, in net assets in the 2008 fiscal year. Even though user charges were up \$500 thousand as a result of increased water consumption and a rate increases effective March 2008, total business-type revenues decreased \$500 thousand or about 5% from \$10.8 million to \$10.3 million in 2008. This decrease was mainly caused by a \$1 million decrease in grants and contributions. A rate increase in January 2009 will help improve the financial condition of these activities.

Expenses increased \$2.3 million to \$10.7 million due to a number of factors. There were nominal increases in power and chemical costs but the most significant cost increase was for raw water purchases which increased over \$700 thousand. Overall, the City purchased more water than the prior year and more of it came from the most expensive purveyor due to operational necessities. Additionally, over \$460 thousand was spent on services associated with the capital improvement program and these costs are not expected to recur. For the wastewater activity, treatment plant related expenses were up over \$735 thousand primarily as a result of professional services costs due to a more aggressive enforcement of its wastewater strength standards. Additionally, storm water quality and solid waste related expenses totaling over \$162 thousand were charged to the wastewater fund for the first time in fiscal 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

City Program Costs

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

- The cost of all *programs* this year was \$ 30.1 million which represents a 6% increase over fiscal 2007. For governmental activities, program costs decreased in 2008 by about \$600 thousand or about 3%.

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

| | Total Cost of Services | | Percentage Change |
|----------------------|------------------------|----------------|-------------------|
| | 2007 | 2008 | 2007-2008 |
| Police | \$ 4.2 | \$ 4.5 | 7.1% |
| Fire | 3.4 | 3.4 | 0.0% |
| Public works | 4.4 | 3.8 | -13.6% |
| Parks and recreation | 2.3 | 1.9 | -17.4% |
| Water | 4.9 | 6.4 | 30.6% |
| Wastewater | 3.5 | 4.3 | 22.9% |
| All other | 5.7 | 5.8 | 1.8% |
| Total | \$ 28.4 | \$ 30.1 | 6.0% |

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a *combined* fund balance of \$28.3 million, about \$3.7 million less than last fiscal year. This decrease was primarily caused by the \$6.6 million spent on the American Canyon Road East Pavement Reconstruction Project which drew down the Infrastructure Capital Projects Fund by \$6.3 million. For the most part, this was offset by the General Fund's fund balance increase of \$2.9 million of which \$1.8 million resulted from the closing out of two internal service funds. The Fire District's Operations Fund increased \$940 thousand chiefly due to property tax revenues exceeding estimates by about 8% and conservative spending on operating costs.

In addition, the City's nonmajor governmental funds ended the fiscal year with a combined fund balance of \$7.6 million. Of this amount, \$2.9 million is in capital project impact fee funds which legally can only be used for capital assets and infrastructure. Another \$847 thousand is restricted for use to pay debt service expenses. The water and wastewater enterprises ended the year with \$11.3 million in cash and investments available for future use.

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the City budget many times. These budget amendments were done throughout the year to avoid cost overruns, account for unanticipated revenues, and fund new projects. Additionally, changes were made as a result of the mid year budget review. At year end, including all adjustments, actual general fund expenditures were \$1.7 million less than final budget amounts. Due to bleak economy, the City employed cost cutting measures to conserve resources. The largest expense in the general fund, police services, increased less than 2 percent. Other departments' costs were held down as much as possible.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

During fiscal year 2007-08, the City's developers dedicated over \$4.9 million in storm drains, street systems, landscaping and water and wastewater improvements as a result of growth within the City. At the end of 2008, the City had invested \$321.8 million (net of accumulated depreciation) in a broad range of capital assets, including land, vehicles, equipment, water system, wastewater system, streets, and other capital assets. (See Table A-4) This amount represents a net increase (including additional and deductions) of about \$11 million, or about 3.5 percent over last year. Additional information can be found on page 46 of the notes to the financial statements.

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

| | Governmental Activities | | Business-type Activities | | Total | | Total Percentage Change |
|-----------------------------|----------------------------|--------------|-----------------------------|-------------|--------------|-----------------|-------------------------------|
| | 2007 | 2008 | 2007 | 2008 | 2007 | 2008 | 2007-2008 |
| Land | \$ 6.8 | 6.8 | 1.6 | 1.6 | 8.4 | \$ 8.4 | 0.0% |
| Construction in progress | 19.8 | 29.9 | 2.8 | 0.6 | 22.6 | 30.5 | 35.0% |
| Buildings | 12.6 | 12.2 | 5.3 | 5.0 | 17.9 | 17.2 | -3.9% |
| Machinery and Equipment | 1.6 | 2.2 | 0.5 | 0.5 | 2.1 | 2.7 | 28.6% |
| Internal Services Equipment | 0.7 | - | - | - | 0.7 | - | -100.0% |
| Water utility system | - | - | 27.4 | 26.6 | 27.4 | 26.6 | -2.9% |
| Wastewater system | - | - | 24.1 | 26.5 | 24.1 | 26.5 | 10.0% |
| Infrastructure system | 207.6 | 209.9 | - | - | 207.6 | 209.9 | 1.1% |
| Total | \$ 249 | 261.0 | 61.7 | 60.8 | 310.8 | \$ 321.8 | 3.5% |

Long - Term Debt

At the end of 2008, the City had about \$25.8 million in long term debt obligations outstanding. Of this amount, about 38 percent relates solely to the City's governmental type activities and the remaining 62 percent is applicable to business type financing activities.

For business-type activities, about \$5.7 million is capital lease type arrangements mostly applicable to the water system and the City's water rights, a \$1.2 million state loan is for water system improvements, a \$9 million state revolving loan was obtained to provide financing for construction of the City's new wastewater treatment plant facility, and a \$1.2 million note payable for additional water rights capacity from the City of Vallejo. The City has no bonded debt outstanding for its business-type activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For governmental -type activities, the major long-term debt consists of \$3.2 million of 2002 lease revenue bonds issued to refund 1997 bonds to construct the City gym and aquatic center; \$6.7 million capital lease to purchase Cabernet Village, a commercial office building, for its new City Hall. The lease revenue bonds were paid from general fund monies and the City Hall capital lease is being paid from debt proceeds for the first two years through June 30, 2009. Additional information about the City's long-term obligations can be found starting on page 50 of the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

For fiscal year 2009, general fund revenue projections have once again been unfavorably impacted by slumping housing prices, the subprime mortgage crisis and slow consumer spending. This negatively impacts the City's sales tax revenues, a key source of income for the general fund. As a result, general fund revenue projections have been conservative compared to a more robust economy of prior years.

- Overall general fund revenues are projected to decrease by a net 13 percent over fiscal year 2008. There are no significant planned changes in tax rates or in other forms of revenue subject to adjustment by the City.
- The City's adopted general fund budget for fiscal year 2008-09 presents a decrease in fund balance of about \$819 thousand.
- Water and wastewater user charges increased in January 2009 and an additional increase is scheduled in 2010. A final increase is scheduled for water only in 2011.

In 2008, the City expects the employer's share of retirement contributions to the PERS to increase significantly as the PERS investment returns have declined in recent years and the employer contribution rates are being raised to offset the decline.

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, Suite 201, American Canyon, California 94503.

CITY OF AMERICAN CANYON

**STATEMENT OF NET ASSETS
AND STATEMENT OF ACTIVITIES**

The Statement of Net Assets and the Statement of Activities summarize the entire City's financial activities and financial position. They are prepared on the same basis as is used by most businesses, which means they include all the City's assets and all its liabilities, as well as all its revenues and expenses. This is known as the full accrual basis—the effect of all the City's transactions is taken into account, regardless of whether or when cash changes hands, but all material internal transactions between City funds have been eliminated.

The Statement of Net Assets reports the difference between the City's total assets and the City's total liabilities, including all the City's capital assets and all its long-term debt. The Statement of Net Assets focuses the reader on the composition of the City's net assets, by subtracting total liabilities from total assets. The Statement of Net Assets summarizes the financial position of all the City's Governmental Activities in a single column, and the financial position of all the City's Business-Type Activities in a single column; these columns are followed by a Total column that presents the financial position of the entire City.

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds primarily, their activities are consolidated with Governmental Activities, after eliminating inter-fund transactions and balances. The City's Business-type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the "modified accrual" basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

The format of the Statement of Activities presents the City's expenses first, listed by program, and follows these with the expenses of its business-type activities. Program revenues—that is, revenues which are generated directly by these programs—are then deducted from program expenses to arrive at the net expense of each governmental and business-type program. The City's general revenues are then listed in the Governmental Activities or Business-type Activities column, as appropriate, and the Change in Net Assets is computed and reconciled with the Statement of Net Assets.

Both these Statements include the financial activities of the City, the American Canyon Financing Authority and the American Canyon Fire Protection District. The Authority and the District are both legally separate entities, but both are component units of the City because they are controlled by the City, which is financially accountable for the activities of the Authority and the District.

CITY OF AMERICAN CANYON
STATEMENT OF NET ASSETS
JUNE 30, 2008

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and investments available for City operations (Note 3) | \$22,106,493 | \$4,507,511 | \$26,614,004 |
| Taxes receivable | 758,898 | | 758,898 |
| Accounts receivable | 1,023,913 | 946,227 | 1,970,140 |
| Due from other governments | 790,678 | | 790,678 |
| Accrued interest | 149,247 | 80,935 | 230,182 |
| Prepaid items | 59,214 | 1,269,381 | 1,328,595 |
| Internal balances | 2,945 | (2,945) | |
| Restricted cash and investments held by fiscal agents (Note 3) | 6,714,607 | 6,785,993 | 13,500,600 |
| Notes receivable (Note 5) | 10,492,386 | | 10,492,386 |
| Property held for resale | 304,017 | | 304,017 |
| Capital assets (Note 6): | | | |
| Non-depreciable | 199,113,458 | 2,269,864 | 201,383,322 |
| Depreciable, net of accumulated depreciation | 61,941,114 | 58,436,233 | 120,377,347 |
| Total Assets | 303,456,970 | 74,293,199 | 377,750,169 |
| LIABILITIES | | | |
| Accounts payable | 2,779,432 | 1,208,959 | 3,988,391 |
| Accrued expenses | 450,839 | 231,693 | 682,532 |
| Deposits | 461,433 | 165,442 | 626,875 |
| Interest payable | 449,188 | 231,552 | 680,740 |
| Unearned revenue | | 134,398 | 134,398 |
| Accrued compensated absences (Note 1G): | | | |
| Due within one year | 20,947 | 4,432 | 25,379 |
| Due in more than one year | 462,673 | 117,628 | 580,301 |
| Long-term debt (Note 7): | | | |
| Due within one year | 358,129 | 1,430,967 | 1,789,096 |
| Due in more than one year | 9,725,000 | 16,119,386 | 25,844,386 |
| Total Liabilities | 14,707,641 | 19,644,457 | 34,352,098 |
| NET ASSETS (Note 8) | | | |
| Invested in capital assets, net of related debt | 250,971,443 | 43,155,744 | 294,127,187 |
| Restricted for: | | | |
| Capital projects | 400,000 | | 400,000 |
| Debt service | 4,113,550 | 6,785,993 | 10,899,543 |
| Special revenue projects | 12,506,811 | | 12,506,811 |
| Total Restricted Net Assets | 17,020,361 | 6,785,993 | 23,806,354 |
| Unrestricted | 20,757,525 | 4,707,005 | 25,464,530 |
| Total Net Assets | \$288,749,329 | \$54,648,742 | \$343,398,071 |

See accompanying notes to financial statements

CITY OF AMERICAN CANYON
STATEMENT OF ACTIVITIES
JUNE 30, 2008

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Assets | | Total |
|---|---------------------|-------------------------|--|--|--|-----------------------------|----------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | |
| Governmental Activities: | | | | | | | |
| General government | \$2,967,301 | \$2,189,873 | 20,319 | 925,624 | \$168,515 | | \$168,515 |
| Public safety | 7,890,538 | 960,774 | 110,632 | 3,237 | (6,815,895) | | (6,815,895) |
| Planning | 2,398,727 | 664,775 | 10,359,409 | | 8,625,457 | | 8,625,457 |
| Parks and community services | 694,902 | 37,287 | | | (657,615) | | (657,615) |
| Public works | 3,833,395 | 476,631 | 2,510 | 1,234,241 | (2,120,013) | | (2,120,013) |
| Recreation | 1,186,103 | 339,185 | 307,300 | | (539,618) | | (539,618) |
| Interest on long-term debt | 452,048 | | | | (452,048) | | (452,048) |
| Total Governmental Activities | 19,423,014 | 4,668,525 | 10,800,170 | 2,163,102 | (1,791,217) | | (1,791,217) |
| Business-type Activities: | | | | | | | |
| Water | 6,401,819 | 4,160,383 | | \$1,567,463 | | (\$673,973) | (673,973) |
| Wastewater | 4,263,817 | 3,157,260 | | 1,367,414 | | 260,857 | 260,857 |
| Transit | 21,896 | 3,045 | | | | (18,851) | (18,851) |
| Total Business-type Activities | 10,687,532 | 7,320,688 | | 2,934,877 | | (431,967) | (431,967) |
| Total | \$30,110,546 | \$11,989,213 | \$10,800,170 | \$5,097,979 | (1,791,217) | (431,967) | (2,223,184) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes | | | | | 10,673,890 | | 10,673,890 |
| Sales taxes | | | | | 2,446,951 | | 2,446,951 |
| Utility users' tax | | | | | 966,622 | | 966,622 |
| Other taxes | | | | | 1,750,939 | | 1,750,939 |
| Motor vehicle in-lieu, unrestricted | | | | | 110,157 | | 110,157 |
| Investment earnings | | | | | 1,368,236 | | 1,368,236 |
| Miscellaneous | | | | | 472,604 | | 472,604 |
| Transfers, net (Note 4A) | | | | | 483,198 | 243,132 | 726,330 |
| Total general revenues and transfers | | | | | 18,272,597 | 243,132 | 18,515,729 |
| Change in Net Assets | | | | | 16,481,380 | (188,835) | 16,292,545 |
| Net Assets-Beginning (as restated Note 7L) | | | | | 272,267,949 | 54,837,577 | 327,105,526 |
| Net Assets-Ending | | | | | \$288,749,329 | \$54,648,742 | \$343,398,071 |

See accompanying notes to financial statements

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FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal 2008. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

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

FIRE DISTRICT OPERATIONS FUND

The Fire District Operations fund accounts for fire services provided by the American Canyon Fire Protection District component unit.

BEGIN PROGRAM SPECIAL REVENUE FUND

The BEGIN Program Special Revenue Fund accounts for first-time homebuyer assistance program resources.

INFRASTRUCTURE CAPITAL PROJECTS FUND

The Infrastructure Capital Projects Fund accounts for bond proceeds restricted for street and road modernization projects.

CITY CAPITAL PROJECTS FUND

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

CITY OF AMERICAN CANYON
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2008

| | General | Fire District Operations Fund | BEGIN Program Fund | Infrastructure Capital Projects Fund |
|---|---------------------|-------------------------------------|--------------------------|--|
| ASSETS | | | | |
| Cash and cash equivalents (Note 3) | \$10,372,044 | \$1,821,807 | \$30,000 | \$339,819 |
| Restricted cash and cash equivalents (Note 3) | | | | 4,166,069 |
| Taxes receivable | 491,370 | 146,965 | | |
| Accounts receivable | 996,758 | | | 1,023 |
| Due from other governments | | | | |
| Accrued interest | 74,281 | 12,365 | | |
| Prepaid items | 59,214 | | | |
| Due from other funds (Note 4B) | 839,963 | 1,497,698 | | |
| Notes receivable (Note 5) | 163,120 | | 7,088,900 | |
| Property held for resale | | | | |
| Total Assets | \$12,996,750 | \$3,478,835 | \$7,118,900 | \$4,506,911 |
| LIABILITIES | | | | |
| Accounts payable | \$1,548,179 | \$105,913 | | \$572,897 |
| Accrued expenses | 308,989 | 141,850 | | |
| Deposits | 150,232 | | | 93,242 |
| Deferred revenue | | | \$7,118,900 | |
| Due to other funds (Note 4B) | 12,736 | 62,774 | | |
| Total Liabilities | 2,020,136 | 310,537 | 7,118,900 | 666,139 |
| FUND BALANCES | | | | |
| Fund balance (Note 8) | | | | |
| Reserved | 2,076,721 | 2,228,260 | | |
| Unreserved: | | | | |
| Designated for: | | | | |
| Capital projects | 400,000 | | | |
| Other purposes | 3,620,100 | | | |
| Undesignated, reported in: | | | | |
| General Fund | 4,879,793 | | | |
| Special Revenue Funds | | 940,038 | | 3,840,772 |
| Total Fund Balances | 10,976,614 | 3,168,298 | | 3,840,772 |
| Total Liabilities and Fund Balances | \$12,996,750 | \$3,478,835 | \$7,118,900 | \$4,506,911 |

See accompanying notes to financial statements

| City Capital Projects Fund | Other Governmental Funds | Total Governmental Funds |
|----------------------------------|--------------------------------|--------------------------------|
| \$1,603,745 | \$7,939,078 | \$22,106,493 |
| 1,821,782 | 726,756 | 6,714,607 |
| | 120,563 | 758,898 |
| | 26,132 | 1,023,913 |
| | 790,678 | 790,678 |
| 3,168 | 59,433 | 149,247 |
| | | 59,214 |
| | | 2,337,661 |
| | 3,240,366 | 10,492,386 |
| | 304,017 | 304,017 |
| <u>\$3,428,695</u> | <u>\$13,207,023</u> | <u>\$44,737,114</u> |
| | | |
| \$469,495 | \$82,948 | \$2,779,432 |
| | | 450,839 |
| 217,959 | | 461,433 |
| | 3,240,509 | 10,359,409 |
| | 2,259,206 | 2,334,716 |
| <u>687,454</u> | <u>5,582,663</u> | <u>16,385,829</u> |
| | | |
| 2,034,494 | 605,106 | 6,944,581 |
| | | 400,000 |
| | | 3,620,100 |
| | | 4,879,793 |
| <u>706,747</u> | <u>7,019,254</u> | <u>12,506,811</u> |
| | | |
| 2,741,241 | 7,624,360 | 28,351,285 |
| <u>\$3,428,695</u> | <u>\$13,207,023</u> | <u>\$44,737,114</u> |

CITY OF AMERICAN CANYON
 Reconciliation of the
 GOVERNMENTAL FUNDS -- BALANCE SHEET
 with the
 STATEMENT OF NET ASSETS
 JUNE 30, 2008

Total fund balances reported on the Governmental Funds Balance Sheet \$28,351,285

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

CAPITAL ASSETS

Capital assets used in Governmental Activities are not current assets or financial resources and
 therefore are not reported in the Governmental Funds. 261,054,572

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets, because they are not available currently,
 are taken into revenue in the Statement of Activities. 10,359,409

LONG-TERM ASSETS AND LIABILITIES

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

| | |
|---|------------------|
| Long-term debt | (10,083,129) |
| Interest payable | (449,188) |
| Non-current portion of compensated absences | <u>(483,620)</u> |

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$288,749,329

See accompanying notes to financial statements

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

| | General | BEGIN Program | Fire District Operations Fund | Infrastructure Capital Projects Fund | City Capital Projects Fund |
|--|---------------------|------------------|-------------------------------------|--|----------------------------------|
| REVENUES | | | | | |
| Property taxes | \$7,164,734 | | \$3,509,156 | | |
| Sales taxes | 2,446,951 | | | | |
| Other taxes | 1,043,283 | | | | |
| Special assessments | | | | | |
| Licenses and permits | 632,407 | | | | |
| Fines and forfeitures | 196,192 | | | | |
| Intergovernmental | 1,957,298 | | | | |
| Interest and rents | 739,304 | | 54,838 | \$358,309 | \$3,613 |
| Charges for services | 2,492,560 | | 711,684 | | |
| Other | 607,762 | | 61,767 | | |
| Total Revenues | 17,280,491 | | 4,337,445 | 358,309 | 3,613 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 4,577,141 | | | | |
| Public safety: | | | | | |
| Police and fire services | 4,203,519 | | 3,154,029 | | |
| Planning | 2,053,847 | | | | |
| Parks and community services | 694,902 | | | | |
| Public works | 785,155 | | | | |
| Road and park maintenance | 1,056,089 | | | | |
| Storm drain | 224,503 | | | | |
| Economic development | 406,477 | | | | |
| Recreation | 1,047,878 | | | | |
| Debt service: | | | | | |
| Principal | | | | | |
| Interest | | | 43,377 | 6,668,451 | 3,390,245 |
| Capital outlay | | | | | |
| Total Expenditures | 15,049,511 | | 3,197,406 | 6,668,451 | 3,390,245 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 2,230,980 | | 1,140,039 | (6,310,142) | (3,386,632) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Sales of affordable housing | | | | | 2,906,748 |
| Transfers in (Note 4A) | 2,067,782 | | | | |
| Transfers (out) (Note 4A) | (1,371,218) | | (200,000) | | |
| Total Other Financing Sources (Uses) | 696,564 | | (200,000) | | 2,906,748 |
| NET CHANGE IN FUND BALANCES | 2,927,544 | | 940,039 | (6,310,142) | (479,884) |
| BEGINNING FUND BALANCES | 8,049,070 | | 2,228,259 | 10,150,914 | 3,221,125 |
| ENDING FUND BALANCES | \$10,976,614 | | \$3,168,298 | \$3,840,772 | \$2,741,241 |

See accompanying notes to financial statements

| Other Governmental Funds | Total Governmental Funds |
|--------------------------------|--------------------------------|
| | \$10,673,890 |
| | 2,446,951 |
| | 1,043,283 |
| \$472,929 | 472,929 |
| | 632,407 |
| | 196,192 |
| 1,074,345 | 3,031,643 |
| 545,987 | 1,702,051 |
| 540,822 | 3,745,066 |
| 38,016 | 707,545 |
| <u>2,672,099</u> | <u>24,651,957</u> |
| | 4,577,141 |
| 272,467 | 7,630,015 |
| | 2,053,847 |
| | 694,902 |
| | 785,155 |
| 221,211 | 1,277,300 |
| | 224,503 |
| 226,663 | 633,140 |
| 5,396 | 1,053,274 |
| 350,683 | 350,683 |
| 440,156 | 440,156 |
| 478,233 | 10,580,306 |
| <u>1,994,809</u> | <u>30,300,422</u> |
| <u>677,290</u> | <u>(5,648,465)</u> |
| 409,830 | 409,830 |
| 1,089,900 | 6,064,430 |
| (3,002,454) | (4,573,672) |
| <u>(1,502,724)</u> | <u>1,900,588</u> |
| (825,434) | (3,747,877) |
| <u>8,449,794</u> | <u>32,099,162</u> |
| <u>\$7,624,360</u> | <u>\$28,351,285</u> |

CITY OF AMERICAN CANYON
 Reconciliation of the
 NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
 with the
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2008

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$3,747,877)

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

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

| | |
|--|-------------|
| The capital outlay expenditures are therefore added back to fund balance | 12,401,670 |
| Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$219,320 which has already been allocated to serviced funds) | (1,723,923) |

LONG-TERM DEBT PROCEEDS AND PAYMENTS

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but in the Statement of Net Assets the repayment reduces long-term liabilities.

| | |
|---|---------|
| Repayment of debt principal is added back to fund balance | 350,683 |
|---|---------|

ACCRUAL OF NON-CURRENT ITEMS

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

| | |
|----------------------|------------|
| Deferred revenue | 10,359,409 |
| Interest payable | (11,892) |
| Compensated absences | (12,241) |

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

| | |
|--|-------------|
| Transfer of capital assets | 1,284,911 |
| Change in Net Assets - Internal Service Fund | (2,419,360) |

| | |
|---|---------------------|
| CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES | <u>\$16,481,380</u> |
|---|---------------------|

See accompanying notes to financial statements

CITY OF AMERICAN CANYON
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-------------------|--------------------|---------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes: | | | | |
| Property | \$7,500,000 | \$7,500,000 | \$7,164,734 | (\$335,266) |
| Sales | 3,099,700 | 2,933,100 | 2,446,951 | (486,149) |
| Other | 1,165,000 | 1,105,000 | 1,043,283 | (61,717) |
| Licenses and permits | 400,000 | 423,700 | 632,407 | 208,707 |
| Fines and forfeitures | | 93,500 | 196,192 | 102,692 |
| Intergovernmental | | 2,220,800 | 1,957,298 | (263,502) |
| Interest and rents | 699,500 | 725,300 | 739,304 | 14,004 |
| Charges for services | 1,300,000 | 1,994,800 | 2,492,560 | 497,760 |
| Other | 1,288,600 | 1,210,580 | 607,762 | (602,818) |
| Total Revenues | 15,452,800 | 18,206,780 | 17,280,491 | (926,289) |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 4,122,400 | 5,302,300 | 4,577,141 | 725,159 |
| Public safety: | | | | |
| Police and fire services | 4,018,000 | 4,068,500 | 4,203,519 | (135,019) |
| Planning | 2,280,600 | 2,960,100 | 2,053,847 | 906,253 |
| Parks and community services | 784,200 | 775,520 | 694,902 | 80,618 |
| Public works | 797,800 | 822,000 | 785,155 | 36,845 |
| Road and maintenance | 992,700 | 1,089,780 | 1,056,089 | 33,691 |
| Storm drain | 241,900 | 237,800 | 224,503 | 13,297 |
| Economic development | 452,300 | 478,900 | 406,477 | 72,423 |
| Recreation | 1,043,700 | 1,052,520 | 1,047,878 | 4,642 |
| Total Expenditures | 14,733,600 | 16,787,420 | 15,049,511 | 1,737,909 |
| EXCESS OF REVENUES OVER EXPENDITURES | 719,200 | 1,419,360 | 2,230,980 | 811,620 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in (Note 4A) | 3,957,620 | 3,957,620 | 2,067,782 | (1,889,838) |
| Transfers (out) (Note 4A) | (4,694,350) | (6,174,764) | (1,371,218) | 4,803,546 |
| Total other financing sources (uses) | (736,730) | (2,217,144) | 696,564 | 2,913,708 |
| NET CHANGE IN FUND BALANCE | (\$17,530) | (\$797,784) | 2,927,544 | \$3,725,328 |
| Beginning fund balance | | | 8,049,070 | |
| Ending fund balance | | | <u>\$10,976,614</u> | |

See accompanying notes to financial statements

CITY OF AMERICAN CANYON
 FIRE DISTRICT OPERATIONS FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|--------------------|---|
| | Original | Final | | |
| REVENUES: | | | | |
| Taxes: | | | | |
| Property | \$3,222,500 | \$3,222,500 | \$3,509,156 | \$286,656 |
| Interest and rents | 95,000 | 95,000 | 54,838 | (40,162) |
| Charges for services | 740,000 | 740,000 | 711,684 | (28,316) |
| Other | 22,000 | 22,000 | 61,767 | 39,767 |
| Total Revenues | <u>4,079,500</u> | <u>4,079,500</u> | <u>4,337,445</u> | <u>257,945</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety: | | | | |
| Police and fire services | 3,493,750 | 3,716,750 | 3,154,029 | 562,721 |
| Capital outlay | 188,000 | 53,000 | 43,377 | 9,623 |
| Total Expenditures | <u>3,681,750</u> | <u>3,769,750</u> | <u>3,197,406</u> | <u>572,344</u> |
| EXCESS OF REVENUES OVER EXPENDITURES | <u>397,750</u> | <u>309,750</u> | <u>1,140,039</u> | <u>830,289</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers (out) (Note 4A) | <u>(248,000)</u> | <u>(200,000)</u> | <u>(200,000)</u> | |
| Total other financing sources (uses) | <u>(248,000)</u> | <u>(200,000)</u> | <u>(200,000)</u> | |
| NET CHANGE IN FUND BALANCE | <u>\$149,750</u> | <u>\$109,750</u> | 940,039 | <u>\$830,289</u> |
| Beginning fund balance | | | <u>2,228,259</u> | |
| Ending fund balance | | | <u>\$3,168,298</u> | |

See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City reports all of its Enterprise Funds as major funds in fiscal 2008.

WATER FUND

The Water Fund accounts for the operations of the City's treatment and distribution system.

WASTEWATER FUND

The Wastewater Fund accounts for the operation of the City's wastewater treatment plant and collection facilities.

TRANSIT FUND

The Transit Fund accounts for the operation of the City's transit activities.

CITY OF AMERICAN CANYON
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2008

| | Business-type Activities-Enterprise Funds | | | | Governmental Activities- Internal Service Funds |
|--|---|---------------------|-----------------|---------------------|--|
| | Water | Wastewater | Transit | Totals | |
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents (Note 3) | \$4,045,394 | \$461,936 | \$181 | \$4,507,511 | |
| Accounts receivable, net | 565,696 | 380,433 | 98 | 946,227 | |
| Interest receivable | 26,120 | 54,815 | | 80,935 | |
| Prepaid items | 527,500 | 741,881 | | 1,269,381 | |
| Total Current Assets | 5,164,710 | 1,639,065 | 279 | 6,804,054 | |
| Non-Current Assets: | | | | | |
| Other assets | | | | | |
| Restricted cash and cash equivalents (Note 3) | (39,683) | 6,825,676 | | 6,785,993 | |
| Total Other Assets | (39,683) | 6,825,676 | | 6,785,993 | |
| Capital Assets (Note 6): | | | | | |
| Non-depreciable | | | | | |
| | 569,113 | 1,700,751 | | 2,269,864 | |
| Depreciable: | | | | | |
| Equipment | 909,775 | 418,511 | 140,257 | 1,468,543 | |
| Distribution and collection systems | 39,707,971 | 36,748,029 | | 76,456,000 | |
| Less: accumulated depreciation | (12,657,085) | (6,715,671) | (115,554) | (19,488,310) | |
| Net Capital Assets | 28,529,774 | 32,151,620 | 24,703 | 60,706,097 | |
| Total Non-Current Assets | 28,490,091 | 38,977,296 | 24,703 | 67,492,090 | |
| Total Assets | 33,654,801 | 40,616,361 | 24,982 | 74,296,144 | |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 901,495 | 306,862 | 602 | 1,208,959 | |
| Compensated absences (Note 1G) | 74,153 | 47,907 | | 122,060 | |
| Other current liabilities | 40,172 | 191,323 | 198 | 231,693 | |
| Deposits | 121,257 | 44,185 | | 165,442 | |
| Deferred revenue | | 134,398 | | 134,398 | |
| Due to other funds (Note 4) | | | 2,945 | 2,945 | |
| Interest | | 231,552 | | 231,552 | |
| Long-term debt, current portion (Note 7) | 818,945 | 612,022 | | 1,430,967 | |
| Total Current Liabilities | 1,956,022 | 1,568,249 | 3,745 | 3,528,016 | |
| Long-Term Liabilities (Note 7) | | | | | |
| Long-term debt, non-current portion | 7,565,063 | 8,554,323 | | 16,119,386 | |
| Total Long-Term Liabilities | 7,565,063 | 8,554,323 | | 16,119,386 | |
| Total Liabilities | 9,521,085 | 10,122,572 | 3,745 | 19,647,402 | |
| NET ASSETS (Note 8) | | | | | |
| Invested in capital assets, net of related debt | 20,145,766 | 22,985,275 | 24,703 | 43,155,744 | |
| Restricted for: | | | | | |
| Debt service | (39,683) | 6,825,676 | | 6,785,993 | |
| Unrestricted | 4,027,633 | 682,838 | (3,466) | 4,707,005 | |
| Total Net Assets | \$24,133,716 | \$30,493,789 | \$21,237 | \$54,648,742 | |

See accompanying notes to financial statements

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

| | Business-type Activities-Enterprise Funds | | | | Governmental Activities- Internal Service Fund |
|---|---|---------------------|-----------------|---------------------|---|
| | Water | Wastewater | Transit | Totals | |
| OPERATING REVENUES | | | | | |
| Sale of water | \$3,599,593 | | | \$3,599,593 | |
| Service fees | | \$2,685,438 | | 2,685,438 | |
| Miscellaneous | 375,418 | 154,044 | \$3,020 | 532,482 | \$92,429 |
| Total Operating Revenues | 3,975,011 | 2,839,482 | 3,020 | 6,817,513 | 92,429 |
| OPERATING EXPENSES | | | | | |
| Maintenance and operations | 3,738,233 | 1,372,077 | 6,838 | 5,117,148 | |
| Employee services | 1,030,371 | 966,327 | 2,046 | 1,998,744 | |
| Interfund charges for services | 572,501 | 605,387 | | 1,177,888 | |
| Depreciation and amortization | 1,212,717 | 1,074,659 | 13,012 | 2,300,388 | 219,320 |
| Total operating expenses | 6,553,822 | 4,018,450 | 21,896 | 10,594,168 | 219,320 |
| Operating Income (Loss) | (2,578,811) | (1,178,968) | (18,876) | (3,776,655) | (126,891) |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Interest revenue | 185,372 | 317,778 | 25 | 503,175 | 2 |
| Interest (expense) | 152,003 | (245,367) | | (93,364) | |
| Total Nonoperating Revenues (Expenses) | 337,375 | 72,411 | 25 | 409,811 | 2 |
| Income (Loss) Before Contributions and Transfers | (2,241,436) | (1,106,557) | (18,851) | (3,366,844) | (126,889) |
| Capital contributions | 1,567,463 | 1,367,414 | | 2,934,877 | |
| Transfers in (Note 4A) | 728,988 | 423,156 | | 1,152,144 | |
| Transfers (out) (Note 4A) | (559,728) | (349,284) | | (909,012) | (2,292,471) |
| Net Contributions and Transfers | 1,736,723 | 1,441,286 | | 3,178,009 | (2,292,471) |
| Change in Net Assets | (504,713) | 334,729 | (18,851) | (188,835) | (2,419,360) |
| BEGINNING NET ASSETS | 24,638,429 | 30,159,060 | 40,088 | 54,837,577 | 2,419,360 |
| ENDING NET ASSETS | \$24,133,716 | \$30,493,789 | \$21,237 | \$54,648,742 | |

See accompanying notes to financial statements

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

| | Business-type Activities-Enterprise Funds | | | | Governmental Activities- Internal Service Fund |
|---|---|--------------------|----------------|---------------------|---|
| | Wastewater | Water | Transit | Totals | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | \$3,528,074 | \$2,865,174 | \$2,958 | \$6,396,206 | \$99,276 |
| Payments to suppliers | (3,818,769) | (2,072,018) | (6,542) | (5,897,329) | (150,112) |
| Payments to employees | (1,018,233) | (1,207,171) | (2,177) | (2,227,581) | (92,429) |
| Claims paid | | | | | (22,861) |
| Cash Flows from Operating Activities | (1,308,928) | (414,015) | (5,761) | (1,728,704) | (166,126) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Interfund receipts | | 66,000 | | 66,000 | |
| Interfund payments | | (66,000) | 2,945 | (63,055) | |
| Transfers in | 728,988 | 423,156 | | 1,152,144 | |
| Transfers (out) | (559,728) | (349,284) | | (909,012) | (2,292,471) |
| Cash Flows from Noncapital Financing Activities | 169,260 | 73,872 | 2,945 | 246,077 | (2,292,471) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Acquisition of capital assets | (355,305) | (1,032,653) | (2) | (1,387,960) | |
| Capital contributions | 1,567,463 | 1,367,414 | | 2,934,877 | |
| Proceeds of long-term debt, net of discount | | 1,085,948 | | 1,085,948 | |
| Principal payments on long-term debt | (226,665) | (516,648) | | (743,313) | |
| Interest paid | 152,003 | (245,367) | | (93,364) | |
| Transfer of capital assets to governmental activities | | | | | 486,515 |
| Cash Flows from Capital and Related Financing Activities | 1,137,496 | 658,694 | (2) | 1,796,188 | 486,515 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Principal paid in non-capital debt | (815,746) | | | (815,746) | |
| Interest received | 185,372 | 317,778 | 25 | 503,175 | 21,026 |
| Cash Flows from Investing Activities | (630,374) | 317,778 | 25 | (312,571) | 21,026 |
| Net Cash Flows | (632,546) | 636,329 | (2,793) | 990 | (1,951,056) |
| Cash and investments at beginning of period | 4,638,257 | 6,651,283 | 2,974 | 11,292,514 | 1,951,056 |
| Cash and investments at end of period | \$4,005,711 | \$7,287,612 | \$181 | \$11,293,504 | |
| Reconciliation of Operating Income (Loss) to Cash Flows | | | | | |
| from Operating Activities: | | | | | |
| Operating income (loss) | (\$2,578,811) | (\$1,178,968) | (\$18,876) | (\$3,776,655) | (\$2,419,360) |
| Adjustments to reconcile operating income to cash flows | | | | | |
| from operating activities: | | | | | |
| Depreciation | 1,212,717 | 1,074,659 | 13,012 | 2,300,388 | 219,320 |
| Transfers (out) | | | | | 2,292,471 |
| Change in assets and liabilities: | | | | | |
| Receivables, net | 80,563 | 113,643 | (62) | 194,144 | 6,845 |
| Prepays | (527,500) | (87,951) | | (615,451) | |
| Accounts payable and other accrued expenses | 487,971 | (104,083) | 296 | 384,184 | (103,923) |
| Accrued compensated absences | 11,533 | (1,093) | | 10,440 | (92,429) |
| Other current liabilities | 605 | (239,751) | (131) | (239,277) | (46,189) |
| Deposits | 3,994 | 9,529 | | 13,523 | |
| Claims payable | | | | | (22,861) |
| Cash Flows from Operating Activities | (1,308,928) | (414,015) | (5,761) | (1,728,704) | (166,126) |

See accompanying notes to financial statements

FIDUCIARY FUNDS

FIDUCIARY FUNDS

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. The financial activities of these funds are excluded from the Entity-wide financial statements, but are presented in separate Fiduciary Fund financial statements.

CITY OF AMERICAN CANYON
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS
JUNE 30, 2008

| | <u>Agency Funds</u> |
|---|----------------------------|
| ASSETS | |
| Cash and investments (Note 3) | \$1,380,688 |
| Restricted cash and cash equivalents (Note 3) | 1,766,095 |
| Interest Receivable | 6,613 |
| Assessment Receivable | <u>20,011,439</u> |
| Total Assets | <u><u>\$23,164,835</u></u> |
| LIABILITIES | |
| Accounts payable | \$3,042 |
| Due to bondholders | <u>23,161,793</u> |
| Total Liabilities | <u><u>\$23,164,835</u></u> |

See accompanying notes to financial statements

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 1 - 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:

A. 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 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. Component unit financial reports are not available because of the blending of financial activities referred to in the preceding sentence.

B. Basis of Presentation

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

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

Government-wide Statements: The Statement of Net Assets 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.

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.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

C. Major Funds

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

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

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

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

BEGIN Program Special Revenue Fund – Accounts for first-time homebuyer assistance program resources.

Infrastructure Capital Projects Fund– Accounts for bond proceeds restricted for street and road modernization projects.

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

The City reported all 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.

Transit Enterprise Fund – Accounts for the operation of the City's transit activities.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. 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.

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 sixty days after year-end. 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.

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

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

The City follows Statements and Interpretations of the Financial Accounting Standards Board and its predecessors that were issued on or before November 30, 1989, in accounting for its business-type activities, unless they conflict with Government Accounting Standards Board pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

E. *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.

F. *Revenue Recognition For Water and Sewer*

Revenues are recognized based on cycle billings rendered to customers. Revenues for services provided but not billed at the end of a fiscal period are accrued at the end of the fiscal year.

G. *Compensated Absences*

Compensated absences are comprised of unpaid vacation and certain compensated time off, which are accrued as earned. 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, Water, and Wastewater funds as appropriate. The liability for compensated absences is determined annually. However, such compensated absences payments are not distinguished from regular payroll paid during the fiscal year. Amounts expected to be paid out of current financial resources are recorded as fund liabilities; the long-term portion is recorded in the Statement of Net Assets.

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.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences activity was as follows for the year ended June 30, 2008:

| | Governmental Activities | Business-type Activities | Total |
|-------------------|----------------------------|-----------------------------|------------------|
| Beginning Balance | \$471,379 | \$111,620 | \$582,999 |
| Additions | 550,605 | 122,491 | 673,096 |
| Payments | (538,364) | (112,051) | (650,415) |
| Ending Balance | <u>\$483,620</u> | <u>\$122,060</u> | <u>\$605,680</u> |
| Current Portion | <u>\$20,947</u> | <u>\$4,432</u> | <u>\$25,379</u> |

H. New and Closed Funds

During fiscal year ended June 30, 2008, the City opened the RHZ Grant Special Revenue Fund, Per Capita Prop 40 Grant Special Revenue Fund, TDA Special Revenue Fund and the Broadway Property Debt Service Fund.

At June 30, 2008, the City closed the Recreation Special Revenue Fund and transferred beginning fund balance to the General Fund and also closed the La Vigne Administration Special Revenue Fund, the Solid Waste Management Special Revenue Fund, the Support Services Internal Service Fund and the Equipment Replacement Internal Service Fund.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

A. Budgeting Procedures

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a proposed annual operating budget for fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The annual budget is adopted by City Council resolution prior to July 1.
4. Expenditures may not legally exceed budgeted appropriations at the fund level.
5. All budget adjustments and transfers between funds must be approved by the City Council by resolution during the fiscal year. The City Manager is authorized to transfer unencumbered appropriations only within a department and within a fund. Any transfer between departments, if any, must be approved by the City Council.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (Continued)

6. Formal budgetary integration, including the recording of encumbrances, is employed as a management control device during the year in all budgeted funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities at that date.
7. Remaining appropriations lapse at year-end and must be reappropriated in the following year.
8. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds.

Budgeted amounts are as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations. Budget and actual comparison for the general fund are presented at the department level except for Administration which is composed of City Manager, Treasurer, Finance, City Attorney and City Clerk.

B. Excess of Expenditures over Appropriations

The funds below incurred expenditures in excess of their budgets in the amounts below as the result of unanticipated expenditures. Sufficient resources were available within the following funds to finance these excesses:

| | Amount |
|--------------------------------------|---------|
| <i>Special Revenue Funds:</i> | |
| Equipment Replacement - Fire | \$4,339 |
| Retiree Health Benefits | 26,881 |
| Fire District Health Benefits | 4,373 |
| <i>Capital Project Funds:</i> | |
| Traffic Impact | 478,223 |
| Affordable Housing | 38,254 |

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 3 - 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.

A. Policies

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the City's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California law, this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

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.

B. 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 available for City operations | \$26,614,004 |
| Restricted cash and investments | <u>13,500,600</u> |
| Total cash and investments of primary government | 40,114,604 |
| Cash and investments in Fiduciary Funds | 1,380,688 |
| Restricted cash and investments in Fiduciary Funds | <u>1,766,095</u> |
| Total cash and investments | <u><u>\$43,261,387</u></u> |

Cash and Investments as of June 30, 2008 consist of the following:

| | |
|--------------------------------------|----------------------------|
| Cash on hand | \$2,880 |
| Deposits with financial institutions | 2,207,270 |
| Investments | <u>41,051,237</u> |
| Total cash and investments | <u><u>\$43,261,387</u></u> |

Cash and Investments Available for Operations 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
Notes to Basic Financial Statements
June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (Continued)

C. 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 in 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
Notes to Basic Financial Statements
June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. 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 are 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 to 3 years | AAA |
| U.S. Government Sponsored Securities | None to 3 years | AAA |
| Federal Housing Administration Debentures | None | N/A |
| Repurchase Agreements | None to 1 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 |

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 3 - CASH AND INVESTMENTS (Continued)

E. Interest Rate Risk

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. At June 30, 2008, these investments matured in an average of 212 days.

The City is a participant in the Napa County Treasury Pool (NCTP) 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 NCTP at the fair value amount provided by NCTP, 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 NCTP, which are recorded on an amortized cost basis. Included in NCTP'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. At June 30, 2008, these investments matured in an average of 76 days.

Money market funds are available for withdrawal on demand and at June 30, 2008, matured in an average of 14 days.

Investments at June 30, 2008 are classified as follows:

| | |
|------------------------------|----------------------------|
| Local Agency Investment Fund | \$28,731,925 |
| Napa County Treasury Pool | 3,840,353 |
| Money Market Mutual Funds | <u>8,478,959</u> |
| Total Investments | <u><u>\$41,051,237</u></u> |

F. 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 Local Agency Investment Fund and Money Market Mutual Funds were rated Aaa by Moody's as of June 30, 2008.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 4 - INTERFUND TRANSACTIONS

A. 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, 2008 were as follows:

| Fund Making Transfer | Fund Receiving Transfers | Amount Transferred |
|---------------------------------|--|--------------------|
| General Fund | City Capital Projects Fund | \$298,186 (B) |
| | 1997 Lease Revenue Bonds Debt Service Fund | 430,000 (C) |
| | Employee Home Assistance Special Revenue Fund | 72,200 (A) |
| | Retirement Health Benefits Special Revenue Fund | 212,400 (A) |
| | Water Enterprise Fund | 58,432 (A) |
| | Wastewater Enterprise Fund | 300,000 (A) |
| Special Revenue Funds: | | |
| Fire District Operations Fund | Fire Equipment Replacement Special Revenue Fund | 150,000 (A) |
| | Fire District Health Benefits Special Revenue Fund | 50,000 (A) |
| Gas Tax | City Capital Projects Fund | 249,707 (B) |
| | General Fund | 214,000 (B) |
| STP Road Maintenance | City Capital Projects Fund | 235,443 (B) |
| La Vigne Landscape and Lighting | General Fund | 32,920 (B) |
| Abandoned Vehicle | General Fund | 14,906 (B) |
| TFCA Grant | City Capital Projects Fund | 88,822 (B) |
| RZH Grant | City Capital Projects Fund | 27,300 (B) |
| Per Capita Prop 40 Grant | City Capital Projects Fund | 220,000 (B) |
| TDA | Park Improvement Capital Projects Fund | 60,000 (B) |
| | City Capital Projects Fund | 32,788 (B) |
| Capital Projects Funds: | | |
| Park Improvement | City Capital Projects Fund | 1,431,759 (B) |
| Traffic Impact | City Capital Projects Fund | 385,190 (B) |
| Civic Facility | City Capital Projects Fund | 15,976 (B) |
| Enterprise Funds: | | |
| Water | Employee Home Assistance Special Revenue Fund | 14,200 (A) |
| | Retiree Health Benefits Special Revenue Fund | 42,800 (A) |
| Wastewater | Employee Home Assistance Special Revenue Fund | 13,600 (A) |
| | Retiree Health Benefits Special Revenue Fund | 44,700 (A) |
| | Water Enterprise Fund | 167,828 (A) |
| Internal Service Funds: | | |
| Support Services | General Fund | 589,668 (D) |
| Equipment Replacement | General Fund | 1,216,288 (D) |
| | | \$6,669,113 |

- (A) Transfer to fund City operations.
- (B) Transfer to fund capital improvements.
- (C) Transfer to fund debt service payments.
- (D) Transfer to close fund.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 4 - INTERFUND TRANSACTIONS (Continued)

B. 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, 2008 the following funds have balances due to the General Fund.

| Fund Making Loan | Fund Receiving Loan | Amount |
|--------------------------------------|--|-------------|
| <i>General Fund</i> | | |
| | <i>Fire District Operations Fund</i> | \$62,774 |
| | <i>Non-Major Special Revenue Funds:</i> | |
| | STP Road Maintenance | 235,498 |
| | PG&E Grant | 76,657 |
| | Safe Route to Schools | 4,000 |
| | Bus Stop Improvement | 15,651 |
| | TFCA Grant | 88,822 |
| | Prop 50 Grant | 54,885 |
| | RZH Grant | 27,300 |
| | Per Capita Prop 40 Grant | 220,000 |
| | TDA | 32,788 |
| | <i>Non-Major Debt Service Fund:</i> | |
| | Broadway Property Debt Service | 25,000 |
| | <i>Enterprise Fund:</i> | |
| | Transit | 2,945 |
| <i>Sub-total</i> | | 846,320 |
| <i>Fire District Operations Fund</i> | | |
| | <i>General Fund</i> | 12,736 |
| | <i>Non-Major Capital Projects Fund:</i> | |
| | Fire Mitigation Fund | 1,484,962 |
| <i>Sub-total</i> | | 1,497,698 |
| | <i>Total Due To/Due From Other Funds</i> | \$2,344,018 |

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 5 – NOTES RECEIVABLE

At June 30, 2008, the City had the following loans receivable:

| | |
|--------------------------------------|--------------|
| BEGIN Program | \$7,088,900 |
| Mid Peninsula Housing Coalition Loan | 2,588,149 |
| Employee Home Purchase Assistance | 338,398 |
| CDBG Housing Rehabilitation Program | 313,819 |
| Hess Construction Loan | 100,000 |
| Mosquito Abatement District Loan | 59,470 |
| Employee Computer Purchase Loans | 3,650 |
| | \$10,492,386 |

A. *BEGIN Program*

The City was awarded \$1,080,000 (\$30,000 each for 36 homes) from the State of California on August 17, 2005, which the City can draw down on as needed. The City provides the funding to 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.

B. *Mid Peninsula Housing Coalition Loan*

The City loaned the Mid-Peninsula Housing Coalition (MPHC) \$2,152,032 for the construction of above mentioned homes. As part of the agreement, the City will receive a residual share of the increase in value of the homes which accounts for the remaining portion of the loan.

C. *Employee Home Purchase Assistance*

The City provides home down payment assistance to its employees. The employee must be a full time employee and the home must be within the City limits. The maximum loan amount is 10% of the purchase price or \$50,000 whichever is less. Interest on the loan is determined using the current Local Agency Investment Fund rate. The maximum loan term is 20 years. At June 30, 2008, the City had seven loans outstanding to employees.

D. *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. As of June 30, 2008, residents owed the City \$319,066 in loans offered by this Program.

E. *Hess Construction Loan*

At June 30, 2008, Hess Construction owed the City \$100,000.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 5 -- LOANS RECEIVABLE (Continued)

F. Mosquito Abatement District Loan

At June 30, 2008, the Mosquito Abatement District owed the City \$59,470.

G. Employee Computer Purchase Loans

The City provides a 5% interest loan to its employees for the purchase of personal computers. These loans are payable in a maximum of 24 equal payroll deductions (2 years). The maximum amount each employee may borrow is \$2,000. This program will loan to employees until the total amount of outstanding loans exceeds \$15,000.

NOTE 6 – CAPITAL ASSETS

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

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 & Improvements | 20-30 years |
| Public Domain Infrastructure | 50 years |
| System Infrastructure-Utility | 60 years |
| Vehicles and Equipment | 4-15 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.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

| | Balance June 30, 2007 | Additions | Retirements | Transfers | Balance June 30, 2008 |
|---|--------------------------|---------------------|-------------------|-----------|--------------------------|
| Governmental Activities: | | | | | |
| Non-Depreciable Assets: | | | | | |
| Land | \$6,779,305 | \$700 | | | \$6,780,005 |
| Infrastructure - street right of ways | 162,263,808 | 185,124 | | | 162,448,932 |
| Construction in Progress | 19,842,590 | 10,041,931 | | | 29,884,521 |
| Total Non-Depreciable Assets | <u>188,885,703</u> | <u>10,227,755</u> | | | <u>199,113,458</u> |
| Capital Assets being Depreciated: | | | | | |
| Buildings and Improvements | 14,362,924 | 64,968 | | | 14,427,892 |
| Machinery and Equipment | 5,766,616 | 519,985 | (\$232,268) | | 6,054,333 |
| Infrastructure - Streets and Storm Drains | 56,585,070 | 3,106,141 | | | 59,691,211 |
| Total Capital Assets being Depreciated | <u>76,714,610</u> | <u>3,691,094</u> | <u>(232,268)</u> | | <u>80,173,436</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings and Improvements | (1,755,181) | (470,597) | | | (2,225,778) |
| Machinery and Equipment | (3,454,128) | (582,701) | 214,167 | | (3,822,662) |
| Infrastructure - Streets and Storm Drains | (11,299,090) | (884,792) | | | (12,183,882) |
| Total Accumulated Depreciation | <u>(16,508,399)</u> | <u>(1,938,090)</u> | <u>214,167</u> | | <u>(18,232,322)</u> |
| Net Depreciable Assets | <u>60,206,211</u> | <u>1,753,004</u> | <u>(18,101)</u> | | <u>61,941,114</u> |
| Governmental Activity Capital Assets, Net | <u>\$249,091,914</u> | <u>\$11,980,759</u> | <u>(\$18,101)</u> | | <u>\$261,054,572</u> |

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 6 – CAPITAL ASSETS (Continued)

| | Balance June 30, 2007 | Additions | Retirements | Transfers | Balance June 30, 2008 |
|---|--------------------------|--------------------|--------------------|--------------------|--------------------------|
| Business-Type Activities: | | | | | |
| Non-Depreciable Assets: | | | | | |
| Land and Improvements | \$1,642,993 | | | | \$1,642,993 |
| Construction in Progress | 2,822,810 | \$171,011 | | (\$2,366,950) | 626,871 |
| Total Non-Depreciable Assets | 4,465,803 | 171,011 | | (2,366,950) | 2,269,864 |
| Capital Assets being Depreciated: | | | | | |
| Buildings and Improvements | 6,827,336 | | | | 6,827,336 |
| Water Treatment and Distribution | 37,598,435 | 605,721 | (\$542,741) | 95,654 | 37,757,069 |
| Equipment | 1,348,547 | 161,243 | (45,281) | 4,034 | 1,468,543 |
| Wastewater Treatment and Collection | 28,643,188 | 961,145 | | 2,267,262 | 31,871,595 |
| Total Capital Assets being Depreciated | 74,417,506 | 1,728,109 | (588,022) | 2,366,950 | 77,924,543 |
| Less Accumulated Depreciation for: | | | | | |
| Buildings and Improvements | (1,573,364) | (216,978) | | | (1,790,342) |
| Water Treatment and Distribution | (10,168,013) | (1,048,391) | | | (11,216,404) |
| Equipment | (952,205) | (148,660) | 45,281 | | (1,055,584) |
| Wastewater Treatment and Collection | (4,512,120) | (913,860) | | | (5,425,980) |
| Total Accumulated Depreciation | (17,205,702) | (2,327,889) | 45,281 | | (19,488,310) |
| Net Depreciable Assets | 57,211,804 | (599,780) | (542,741) | 2,366,950 | 58,436,233 |
| Business-type Activity Capital Assets, Net | \$61,677,607 | (\$428,769) | (\$542,741) | | \$60,706,097 |

B. Project Commitments

At June 30, 2008, the City had outstanding commitments with contractors for the following projects:

| Project | Remaining Commitment |
|-----------------------------------|-------------------------|
| AmCan Road E. Assessment District | \$1,367,931 |
| Civic Facilities Projects | 3,821,950 |
| Transportation Projects | 5,171,353 |
| Parks Projects | 668,755 |
| Other Projects | 334,705 |
| Water Projects | 1,307,121 |
| Wastewater Projects | 4,133,050 |
| | <u>\$16,804,865</u> |

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 6 – CAPITAL ASSETS (Continued)

C. Capital Asset Contributions

Some capital assets may be acquired using Federal and State grant funds, or they may be contributed by developers or other governments. GASB Statement 34 requires that these contributions be accounted for as revenues at the time the capital assets are contributed.

D. 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 | \$72,394 |
| Public Safety - Fire | 344,880 |
| Public Safety - Police | 260,523 |
| Parks and recreation | 132,829 |
| Infrastructure - Streets & storm drains | 1,127,464 |
| Total Governmental Activities | <u>\$1,938,090</u> |
| Business-type Activities: | |
| Water | \$1,212,719 |
| Wastewater | 1,102,158 |
| Transit | 13,012 |
| Total Business-Type Activities | <u>\$2,327,889</u> |

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 – LONG-TERM DEBT

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

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

A. Current Year Transactions and Balances

| | Original Issue Amount | Balance June 30, 2007 | Additions | Retirements | Balance June 30, 2008 | Current Portion |
|---|-----------------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
| Governmental Activity Debt | | | | | | |
| 2002 Lease Revenue Bonds | | | | | | |
| 1.30-4.45%, due 06/01/22 | \$4,230,000 | \$3,380,000 | | \$175,000 | \$3,205,000 | \$175,000 |
| Capital Lease - Fire Engines | | | | | | |
| 3.175%, due 02/01/09 | 850,000 | 358,812 | | 175,683 | 183,129 | 183,129 |
| Capital Lease - City Hall Facility | | | | | | |
| 4.54%, due 05/01/32 | 6,695,000 | 6,695,000 | | | 6,695,000 | |
| Total Governmental Long-Term Debt | | 10,433,812 | | 350,683 | 10,083,129 | \$358,129 |
| Less: Amount due within one year | | 839,147 | | | 358,129 | |
| Total Governmental Long-Term Debt, Net | | <u>\$9,594,665</u> | | <u>\$350,683</u> | <u>\$9,725,000</u> | |
| | | | | | | |
| | Original Issue Amount | Balance June 30, 2007 | Additions | Retirements | Balance June 30, 2008 | Current Portion |
| Business-Type Activity Debt | | | | | | |
| Capital Lease - Water North Bay Aqueduct | | | | | | |
| 5.56%, due 07/01/35 | \$5,909,403 | \$5,745,200 | | \$125,439 | \$5,619,761 | \$129,267 |
| Capital Lease - Water and Wastewater Enterprises | | | | | | |
| 4.85%, due 06/01/09 | 2,558,434 | 298,375 | | 142,277 | 156,098 | 156,099 |
| State of California Davis-Grunsky Loan | | | | | | |
| 2.5%, due 12/31/27 | 2,050,000 | 1,321,656 | | 48,620 | 1,273,036 | 49,836 |
| State Water Resources Control Board, State Revolving Fund Loan | | | | | | |
| 2.7%, due 01/15/23 | 10,859,470 | 8,405,683 | 1,085,948 | 426,977 | 9,064,654 | 510,330 |
| City of Vallejo Note Payable | | | | | | |
| 6.0%, due 06/30/2010 | 2,346,860 | 2,022,270 | | 815,746 | 1,206,524 | 585,435 |
| Total Business-Type Long-Term Debt | | 17,832,447 | 1,085,948 | 1,559,059 | 17,320,073 | \$1,430,967 |
| Less: Amount due within one year | | 1,008,298 | | | 1,430,967 | |
| Add: Unamortized deferred interest on Davis-Grunsky Loan | | 241,794 | | 11,514 | 230,280 | |
| Total Business-type Activity Debt | | <u>\$17,065,943</u> | <u>\$1,085,948</u> | <u>\$1,570,573</u> | <u>\$16,119,386</u> | |

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG TERM DEBT (Continued)

B. 2002 Lease Revenue Bonds

The City's Financing Authority authorized the issuance of \$4,230,000 of its 2002 Lease Revenue Bonds to provide funds for refunding of the City's 1997 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 amounts 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 rates from 1.30 to 4.45 percent, and interest is payable each June 1 and December 1. Principal is due each June 1, through 2022. The City's general fund provides the majority of funds for repayment of this obligation.

C. Capital Lease – Fire Engines

In fiscal year 2005, the City's Fire District entered into a capital lease for the purpose of financing the acquisition of new fire engines. The lease is a capital lease and the equipment has been capitalized at \$850,000 in the capital assets of the City's governmental activities. The lease bears interest at a rate of 3.175 percent and is payable in annual installments through 2009.

D. Capital Lease – City Hall Facility

In fiscal year 2007, the City and its Financing Authority entered into 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.

E. Capital Lease – Water North Bay Aqueduct

In fiscal year 1982, the City has entered into a water supply contract with the Napa County Flood Control and Water Conservation District for certain quantities of water to be supplied to the City. Payments are made semiannually for the City's portion of the bonds used to finance the project.

F. Capital Lease – Water and Wastewater Enterprises

The City has entered into two lease agreements with original amounts of \$2,558,434 and \$7,308,527, respectively, as lessee for financing the acquisition of water and wastewater facilities, distribution systems, and water capacity. The lease agreements qualify as capital leases for accounting purposes and, therefore, original costs capitalized were recorded at \$10,153,629 as of the inception dates. The assets have been capitalized in the respective funds and the related accumulated depreciation is recorded also in such funds.

G. 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. Payments are due each July 1 and January 1 through January 1, 2028. The loan amounts sufficient to payment debt service. The City makes repayments from its water enterprise fund from available resources.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG TERM DEBT (Continued)

H. State of California Revolving Fund Loan

The City obtained a \$10,008,812 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 percent 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 due each January 15 through 2023.

I. City of Vallejo Note Payable

In fiscal year 2007, the City exercised an option to purchase additional water rights capacity from the City of Vallejo. The option price was \$2,346,860 for an additional 1.15 MGD of water. The City has agreed to pay for this additional water capacity over four fiscal years. The arrangement provides for semi-annual payments of \$324,588 with interest at 6 percent per year.

J. 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 | | |
| 2009 | \$175,000 | \$134,950 | \$183,129 | \$305,224 | \$1,430,967 | \$635,835 |
| 2010 | 180,000 | 129,526 | 170,000 | 303,954 | 1,318,324 | 592,382 |
| 2011 | 190,000 | 123,496 | 180,000 | 296,236 | 718,555 | 538,616 |
| 2012 | 195,000 | 116,750 | 185,000 | 288,064 | 740,568 | 501,564 |
| 2013 | 200,000 | 109,632 | 195,000 | 279,664 | 763,297 | 497,737 |
| 2014-2018 | 1,150,000 | 418,182 | 1,125,000 | 1,256,448 | 4,149,537 | 2,082,522 |
| 2019-2023 | 1,115,000 | 135,136 | 1,395,000 | 977,690 | 4,689,124 | 1,444,267 |
| 2024-2028 | | | 1,745,000 | 630,382 | 1,526,849 | 700,233 |
| 2029-2033 | | | 1,700,000 | 197,492 | 1,394,830 | 288,028 |
| 2034-2036 | | | | | 588,022 | 54,503 |
| Total | \$3,205,000 | \$1,167,672 | \$6,878,129 | \$4,535,154 | \$17,320,073 | \$7,335,687 |

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - LONG TERM DEBT (Continued)

K. Special Assessment Debt Without City Commitment

At June 30, 2008, the outstanding principal amount of bonded debt issued by special assessment districts in the City was as follows:

| | |
|-----------------------------------|-------------|
| 2004 A Reassessment Revenue Bonds | \$6,830,000 |
| 2005 Infrastructure Revenue Bonds | 17,810,000 |

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.

L. Long-term Debt Restatement

2004A Reassessment Revenue Bonds – In fiscal year 2005, \$7,255,000 in Reassessment Revenue Bonds were issued for the City's Reassessment District No 2004-01 (La Vigne Subdivision). The bonds activities were previously reported in the City's debt service funds. The City has determined that it is not obligated to advance funds of the City in case of any deficiency of assessments. Therefore, as of July 1, 2007, the City recategorized the La Vigne Debt Service Fund as an Agency Fund. As a result, the beginning total governmental fund debt balance has been reduced by \$7,000,000.

2005 Infrastructure Revenue Bonds – In fiscal year 2006, \$18,405,000 in Infrastructure Revenue Bonds were issued for the American Canyon Road East Assessment District. The bonds activities were previously reported in the City's debt service funds. The City has determined that it is not obligated to advance funds of the City in case of any deficiency of assessments. Therefore, as of July 1, 2007, the City recategorized the Road East Debt Service Fund as an Agency Fund. As a result, the beginning total governmental fund debt balance has been reduced by \$18,405,000.

Since the City has no moral or legal obligation to repay the bonds mentioned above, the long-term debt related to the Special Assessment Bonds for La Vigne Subdivision and Road East have been removed from the City's books as of July 1, 2007. As a result, beginning net assets has been increased by \$24,640,000.

NOTE 8 – NET ASSETS AND FUND BALANCES

A. Net Assets

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

Invested in Capital Assets, net of related debt describes the portion of Net Assets which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

Restricted describes the portion of Net Assets which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects and debt service requirements.

Unrestricted describes the portion of Net Assets which is not restricted to use.

B. Fund Balance Reserves

Reserves are placed by outside entities, such as other governments, which restrict the expenditures of the reserved funds to the purpose intended by the entity that provided the funds. The City cannot modify or remove these reserves. At June 30, 2008, reserves included the following:

Debt Service reserve are the balance of debt service funds legally restricted for the payment of principal and interest on long-term debt, or the portion of proprietary funds retained earnings reserved to retire bond principal.

Prepaid Items reserve is the portion of fund balance set aside to indicate these items do not represent available, spendable resources even though they are a component of assets.

Encumbrances reserve represents the portion of fund balance set aside for open purchase orders.

Open Space reserve is the portion of fund balance set aside for open space improvement.

Loans Receivable reserve indicates that the portions of fund balance is set aside and does not represent available, spendable resources even though they are a component of assets.

C. Fund Balance Designations

Designations are imposed by City Council to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Council action. At June 30, 2008, designations included the following: capital projects and other purposes.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

D. General Fund Reservations and Designations

As of June 30, 2008 the reservations and designations for the General Fund are as follows:

RESERVED

| | |
|----------------------------|-----------|
| Long Term Notes Rec | \$163,120 |
| Development and Planning | 1,005,687 |
| Prepayments / Imprest Cash | 59,214 |
| Internal Balances | 848,700 |
| | 2,076,721 |

UNRESERVED

| | |
|------------------------------|-----------|
| Designated | |
| Little League | 7,500 |
| Vehicle Replacement | 62,600 |
| Contingency | 970,000 |
| Catastrophe | 850,000 |
| Economic Development | 485,000 |
| Technology | 75,000 |
| Pavement Repair | 400,000 |
| Retiree Health Care Benefits | 500,000 |
| General Plan Update | 200,000 |
| Building Department | 470,000 |
| | 4,020,100 |
| Unreserved / Undesignated | 4,879,793 |

E. Fund Equity Deficits

The Fire Mitigation Debt Service Fund had a deficit fund balance of \$1,484,962 at June 30, 2008. This is expected to be offset by future collections.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 9 – 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 10 - PENSION PLAN

CALPERS Safety and Miscellaneous Employees Plans

The City participates in pension plans offered by California Public Employees Retirement System (CALPERS), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. The City's employees participate in the separate Safety (fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under both Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding for city's contributions for both Plans are determined annually on an actuarial basis as of June 30 by CALPERS. The Plans' provisions and benefits in effect at June 30, 2008, are summarized as follows:

| | <u>Safety</u> | <u>Miscellaneous</u> |
|---|------------------|----------------------|
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 | 50 |
| Monthly benefits, as a % of annual salary | 3% | 1.426% - 2.418% |
| Required employee contribution rates | 9% | 7% |
| Required employer contribution rates | 26.863% | 15.113% |

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 10 - PENSION PLAN (Continued)

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.00%. Annual salary increases are assumed to vary by duration of service and annual retirement benefit increases are assumed to be 3.25%. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period at June 30, 2008 was 16 years for the miscellaneous plan and 10 years for the safety plan.

The Miscellaneous Plan's actuarial value (which differs from market value) and funding progress over the past three years is set forth below at their actuarial valuation date of June 30:

Miscellaneous Plan:

| Actuarial | | | | | | |
|----------------|-----------------------------|-----------------|---------------------------------|--------------|------------------------|---|
| Valuation Date | Entry Age Accrued Liability | Value of Assets | Unfunded (Overfunded) Liability | Funded Ratio | Annual Covered Payroll | Unfunded (Overfunded) Liability as % of Payroll |
| 6/30/2005 | \$2,891,460,651 | \$2,588,713,000 | \$302,747,651 | 89.5% | \$755,046,679 | 40.1% |
| 6/30/2006 | 2,754,396,608 | 2,492,226,176 | 262,170,432 | 90.5% | 699,897,835 | 37.5% |
| 6/30/2007 | 2,611,746,790 | 2,391,434,447 | 220,312,343 | 91.6% | 665,522,859 | 33.1% |

As required by State law, effective July 1, 2005, the City's Safety Plan was terminated, and the Safety employees in the plan were required by CALPERS to join a State-wide pool. One of the conditions of entry was for the City to adjust and true-up any unfunded liabilities or overfunded assets in the former Plan, either by paying cash or by increasing or decreasing its future contribution rates through a Side Fund offered by CALPERS. The Safety Plan was under-funded at June 30, 2004. The amount of this under-funding is accounted for separately and is to be used by CALPERS to reduce future City contributions to the Plan over the next 10 years.

The actuarial value and funding progress of the State-wide pool, and the information regarding audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

Actuarially required employer contributions for Miscellaneous and Safety Plans for fiscal years 2008, 2007 and 2006 were \$1,014,337, \$2,710,242, and \$3,343,387, respectively.

NOTE 11 – OTHER POST RETIREMENT BENEFITS

The City provides post retirement health insurance benefits, as per the requirements of a local resolution, for certain retirees and their dependents. The benefits vary depending upon the retiree's years of service. The City pays a percentage of the retiree's health insurance premiums. For the fiscal year ended June 20, 2008, there were 15 retirees receiving such benefits and the City paid \$106,881 in premiums. The City funds these costs on a pay as you go basis. In addition, the City has set aside in special local funds \$1,101,588 to pay for such future costs.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 12 – RISK MANAGEMENT

A. Coverages

The City is a member of the Association of Bay Area Governments (ABAG), which provides general liability coverage of \$5,000,000 above the City's deductible of \$25,000 per occurrence, and property damage insurance up to \$1,000,000,000 above the City's deductible of \$5,000 and \$10,000, for property and vehicle damage respectively. 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, 2008, the City contributed \$229,935 for current year coverage.

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

The City is also covered by the Plan's Employee Dishonesty coverage up to \$1,000,000. Workers compensation insurance is provided by the State Compensation Insurance Fund with coverage up to \$1,000,000 per claim; and the City has no deductible for such claims. 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 Fire Agencies Insurance Risk Authority. The District transfers the risk of loss to the Authority and is covered by the Authority up to \$6,000,000 per occurrence with an aggregate limit of \$6,000,000. The Authority also provides property coverage with a limit of \$5,000,000. 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 such claims.

B. 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:

| | Year Ended June 30, 2008 | Year Ended June 30, 2007 |
|---|-----------------------------|-----------------------------|
| Unpaid claims, beginning of fiscal year | \$22,861 | \$22,861 |
| Incurred claims (including IBNRs) | 6,547 | (\$19,545) |
| Claim payments | (26,308) | 19,545 |
| Unpaid claims, end of fiscal year | <u>\$3,100</u> | <u>\$22,861</u> |

For the years ended June 30, 2008, 2007, and 2006, the amount of settlements did not exceed insurance coverage.

CITY OF AMERICAN CANYON
Notes to Basic Financial Statements
June 30, 2008

NOTE 13 – 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, 2008, 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.

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Required Supplemental Information Section



Vineyards to the North of Town

MAJOR GOVERNMENTAL FUNDS, OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS

CITY OF AMERICAN CANYON
 INFRASTRUCTURE CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

| | Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------|----------------|---|
| REVENUES: | | | |
| Interest and rents | \$642,100 | \$358,309 | (\$283,791) |
| Total Revenues | 642,100 | 358,309 | (283,791) |
| EXPENDITURES: | | | |
| Capital outlay | 9,076,700 | 6,668,451 | 2,408,249 |
| Total Expenditures | 9,076,700 | 6,668,451 | 2,408,249 |
| EXCESS OF REVENUES OVER EXPENDITURES | (8,434,600) | (6,310,142) | 2,124,458 |
| NET CHANGE IN FUND BALANCE | (\$8,434,600) | (6,310,142) | \$2,124,458 |
| Beginning fund balance | | 10,150,914 | |
| Ending fund balance | | \$3,840,772 | |

See accompanying notes to financial statements

CITY OF AMERICAN CANYON
CITY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2008

| | Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------|----------------|---|
| REVENUES: | | | |
| Interest and rents | \$293,800 | \$3,613 | (\$290,187) |
| Total Revenues | 293,800 | 3,613 | (290,187) |
| EXPENDITURES: | | | |
| Capital outlay | 23,367,854 | 3,390,245 | 19,977,609 |
| Total Expenditures | 23,367,854 | 3,390,245 | 19,977,609 |
| EXCESS OF REVENUES OVER EXPENDITURES | (23,074,054) | (3,386,632) | 19,687,422 |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | 20,373,154 | 2,906,748 | (17,466,406) |
| Total other financing sources (uses) | 20,373,154 | 2,906,748 | (17,466,406) |
| NET CHANGE IN FUND BALANCE | (\$2,700,900) | (479,884) | \$2,221,016 |
| Beginning fund balance | | 3,221,125 | |
| Ending fund balance | | \$2,741,241 | |

See accompanying notes to financial statements

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Optional Supplementary Information Section



Open Space

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

Equipment Replacement-Fire – accounts for contributions from the Fire District Operations Fund to replace existing fire apparatus.

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

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

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

STP Road Maintenance – accounts for grant funds received for street and road improvements.

Police Grants – accounts for the grant funds received for the OTS grant, this program uses overtime to employ enforcement and innovative strategies to reduce person killed and injured in traffic collisions.

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.

PG&E Grant - accounts for grant funds received for the purpose of widening the Highway 29 shoulder and portions of American Canyon Road and to provide curb, gutter, sidewalk and landscaping at the North West corner of Highway 29 / American Canyon Road.

Employee Home Assistance – accounts for loans made to employees with City funds for the purpose of assisting them to purchase homes within the City.

Retiree Health Benefits – this fund was set up to accumulate funds for the purpose of funding retiree health benefits.

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

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

Fire District Health Benefits – accounts for the District's retiree health care resources. Monies have been set aside for a few years to save for the future expenses.

Safe Route to Schools – accounts for federal funds received to enable and encourage children, including those with disabilities to walk and bicycle to school, make bicycling and walking to school safer, and reduce traffic and air pollution in the vicinity of schools.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

Bus Stop Improvement - accounts for grant funds received for improvements to various bus stop and curb ramps.

TFCA Grant – accounts for grant funds received for construction of bicycle path / trail from Chaucer Lane to existing trail.

Proposition 50 Grant – accounts for grant funds received from State Water Resources Control Board for recycled water projects.

Robert Z'Berg-Harris (RZH) Grant – accounts for grant funds received for Urban Open space and Recreation Program under the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000. this is to be used for the acquisition and/or development of high priority projects that satisfy the most urgent park and recreation needs, with emphasis on unmet needs in the most heavily populated and most economically disadvantaged areas within each jurisdiction.

Per Capita Proposition 40 Grant – accounts for grant fun received for Urban Open space and Recreation Program under the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000. This is to be used for the acquisition and/or development of high priority projects that satisfy the most urgent park and recreation needs, with emphasis on unmet needs in the most heavily populated and most economically disadvantaged areas within each jurisdiction.

Transportation Development Act (TDA) Grant – accounts for grant funds received for street and road improvements.

DEBT SERVICE FUNDS

1997 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 - accounts for debt service on lease financing for the purchase of property just north of the new city hall facility.

CAPITAL PROJECTS FUNDS

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

Park Improvements – 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.

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

Affordable Housing – accounts for fees collected from developers in lieu of providing affordable housing services.

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

| | SPECIAL REVENUE FUNDS | | | |
|--------------------------------------|-----------------------|-----------|------------------------------------|----------------------------------|
| | Storm Drainage | Gas Tax | Equipment Replacement - Fire | State and Federal Grants-Fire |
| ASSETS | | | | |
| Cash and cash equivalents | | \$585,266 | \$95,185 | \$6,858 |
| Restricted cash and cash equivalents | | | | |
| Taxes receivable | | 94,718 | | |
| Accounts receivable | | | | |
| Due from other governments | | | | |
| Interest receivable | | 7,006 | | |
| Notes receivable | | | | |
| Property held for resale | | | | |
| Total Assets | | \$686,990 | \$95,185 | \$6,858 |
| LIABILITIES | | | | |
| Accounts payable | | | | |
| Deferred revenue | | | | |
| Due to other funds | | | | |
| Total Liabilities | | | | |
| FUND EQUITY | | | | |
| Fund balances | | | | |
| Reserved: | | | | |
| Unreserved: | | | | |
| Undesignated, reported in: | | | | |
| Special Revenue Funds | | \$686,990 | \$95,185 | \$6,858 |
| Total Fund Balances (Deficits) | | 686,990 | 95,185 | 6,858 |
| Total Liabilities and Fund Balances | | \$686,990 | \$95,185 | \$6,858 |

SPECIAL REVENUE FUNDS

| CDBG Loan Repayment | State Supplemental Law Enforcement | STP Road Maintenance | Police Grants | La Vigne Landscape and Lighting |
|------------------------|--|-------------------------|------------------|---------------------------------------|
| \$345,257 | \$31,468 | | | \$1,291,235 |
| 2,338 | | | | 25,845 |
| | | \$235,498 | | |
| 313,819 | | | | 9,340 |
| <u>\$661,414</u> | <u>\$31,468</u> | <u>\$235,498</u> | | <u>\$1,326,420</u> |
| | | | | |
| \$314,631 | \$31,468 | | | \$43,988 |
| | | \$235,498 | | |
| <u>314,631</u> | <u>31,468</u> | <u>235,498</u> | | <u>43,988</u> |
| | | | | |
| | | | | 143,108 |
| <u>346,783</u> | | | | <u>1,139,324</u> |
| <u>346,783</u> | | | | <u>1,282,432</u> |
| <u>\$661,414</u> | <u>\$31,468</u> | <u>\$235,498</u> | | <u>\$1,326,420</u> |

(continued)

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

SPECIAL REVENUE FUNDS

| | <u>La Vigne Open Space</u> | <u>PG&E Grant</u> | <u>Employee Home Assistance</u> | <u>Retiree Health Benefits</u> | <u>Newell Park Open Space</u> |
|--|--------------------------------|---------------------------|-------------------------------------|------------------------------------|-----------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$177,355 | | \$87,255 | \$945,331 | \$20,637 |
| Restricted cash and cash equivalents | | | | | |
| Taxes receivable | | | | | |
| Accounts receivable | | | | | |
| Due from other governments | | \$76,657 | | | |
| Interest receivable | 1,196 | | | 6,226 | 123 |
| Notes receivable | | | 338,398 | | |
| Property held for resale | | | | | |
| Total Assets | <u>\$178,551</u> | <u>\$76,657</u> | <u>\$425,653</u> | <u>\$951,557</u> | <u>\$20,760</u> |
| LIABILITIES | | | | | |
| Accounts payable | | | | | |
| Deferred revenue | | | \$337,729 | | |
| Due to other funds | | \$76,657 | | | |
| Total Liabilities | | <u>76,657</u> | <u>337,729</u> | | |
| FUND EQUITY | | | | | |
| Fund balances | | | | | |
| Reserved: | | | | | |
| Unreserved: | | | | | |
| Undesignated, reported in: | | | | | |
| Special Revenue Funds | <u>\$178,551</u> | | <u>87,924</u> | <u>\$951,557</u> | <u>\$20,760</u> |
| Total Fund Balances (Deficit) | <u>178,551</u> | | <u>87,924</u> | <u>951,557</u> | <u>20,760</u> |
| Total Liabilities and Fund Balances | <u>\$178,551</u> | <u>\$76,657</u> | <u>\$425,653</u> | <u>\$951,557</u> | <u>\$20,760</u> |

SPECIAL REVENUE FUNDS

| Abandoned Vehicle | Fire District Health Benefits | Safe Route to Schools | Bus Stop Improvement | TFCA Grant | Prop 50 Grant |
|----------------------|----------------------------------|--------------------------|-------------------------|-----------------|------------------|
| \$33,152 | \$155,822 | | | | |
| 3,152 | | | | | |
| 276 | 1,261 | \$4,000 | \$43,151 | \$96,399 | \$54,885 |
| <u>\$36,580</u> | <u>\$157,083</u> | <u>\$4,000</u> | <u>\$43,151</u> | <u>\$96,399</u> | <u>\$54,885</u> |
| | \$7,051 | | | | |
| | | \$4,000 | \$15,651 | \$82,465 | \$54,885 |
| | 7,051 | 4,000 | 15,651 | 82,465 | 54,885 |
| <u>\$36,580</u> | <u>150,032</u> | | <u>27,500</u> | <u>13,934</u> | |
| <u>36,580</u> | <u>150,032</u> | | <u>27,500</u> | <u>13,934</u> | |
| <u>\$36,580</u> | <u>\$157,083</u> | <u>\$4,000</u> | <u>\$43,151</u> | <u>\$96,399</u> | <u>\$54,885</u> |

(continued)

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

| | <u>SPECIAL REVENUE FUND</u> | | | <u>DEBT SERVICES FUNDS</u> | |
|--------------------------------------|-----------------------------|---|----------------------|---|---------------------------------------|
| | <u>RZH Grant</u> | <u>Per Capita Prop 40 Grant</u> | <u>TDA Grant</u> | <u>1997 Lease Revenue Bonds</u> | <u>Cabernet Village Lease</u> |
| ASSETS | | | | | |
| Cash and cash equivalents | | | | \$124,965 | \$85 |
| Restricted cash and cash equivalents | | | | 316,824 | 384,932 |
| Taxes receivable | | | | | |
| Accounts receivable | | | | 1,300 | 19,342 |
| Due from other governments | \$27,300 | \$220,000 | \$32,788 | | |
| Interest receivable | | | | | |
| Notes receivable | | | | | |
| Property held for resale | | | | | |
| Total Assets | <u>\$27,300</u> | <u>\$220,000</u> | <u>\$32,788</u> | <u>\$443,089</u> | <u>\$404,359</u> |
| LIABILITIES | | | | | |
| Accounts payable | | | | \$250 | |
| Deferred revenue | | | | | |
| Due to other funds | \$27,300 | \$220,000 | \$32,788 | | |
| Total Liabilities | <u>27,300</u> | <u>220,000</u> | <u>32,788</u> | <u>250</u> | |
| FUND EQUITY | | | | | |
| Fund balances | | | | | |
| Reserved: | | | | | |
| Unreserved: | | | | | |
| Undesignated, reported in: | | | | | |
| Special Revenue Funds | | | | 442,839 | \$404,359 |
| Total Fund Balances (Deficit) | | | | <u>442,839</u> | <u>404,359</u> |
| Total Liabilities and Fund Balances | <u>\$27,300</u> | <u>\$220,000</u> | <u>\$32,788</u> | <u>\$443,089</u> | <u>\$404,359</u> |

DEBT
SERVICE FUNDS

CAPITAL PROJECTS FUNDS

| Broadway Property Debt Service | Fire Mitigation | Park Improvements | Traffic Impact | Civic Facility | Affordable Housing | Total Non-major Governmental Funds |
|--------------------------------------|--------------------|----------------------|-------------------|-------------------|-----------------------|---|
| | | \$1,813,040 | \$760,441 | \$141,866 | \$1,323,860 | \$7,939,078 |
| \$25,000 | | | | | | 726,756 |
| | | | | | | 120,563 |
| | | | | | | 26,132 |
| | | | | | | 790,678 |
| | | 17,089 | 7,533 | 718 | 8,665 | 59,433 |
| | | | | | 2,588,149 | 3,240,366 |
| | | | | | 304,017 | 304,017 |
| <u>\$25,000</u> | | <u>\$1,830,129</u> | <u>\$767,974</u> | <u>\$142,584</u> | <u>\$4,224,691</u> | <u>\$13,207,023</u> |
| | | | | | \$191 | \$82,948 |
| \$25,000 | \$1,484,962 | | | | 2,588,149 | 3,240,509 |
| | | | | | | 2,259,206 |
| 25,000 | 1,484,962 | | | | 2,588,340 | 5,582,663 |
| | 157,981 | | | | 304,017 | 605,106 |
| | (1,642,943) | \$1,830,129 | \$767,974 | \$142,584 | 1,332,334 | 7,019,254 |
| | (1,484,962) | 1,830,129 | 767,974 | 142,584 | 1,636,351 | 7,624,360 |
| <u>\$25,000</u> | | <u>\$1,830,129</u> | <u>\$767,974</u> | <u>\$142,584</u> | <u>\$4,224,691</u> | <u>\$13,207,023</u> |

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

SPECIAL REVENUE FUNDS

| | Storm Drainage | Gas Tax | Equipment Replacement -Fire | State and Federal Grants-Fire | CDBG Loan Repayment |
|--|-------------------|------------------|-----------------------------------|-------------------------------------|------------------------|
| REVENUES | | | | | |
| Special assessments | | | | | |
| Intergovernmental | | \$279,594 | | \$3,000 | |
| Interest and rents | \$8,418 | 36,607 | | | \$9,980 |
| Charges for services | | | | | |
| Other | | | | | 13,855 |
| Total Revenues | 8,418 | 316,201 | | 3,000 | 23,835 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public safety: | | | | | |
| Police and fire services | | | | | |
| Public works | | | | | |
| Road and park maintenance | | | | | |
| Economic development | | | | | 43,109 |
| Recreation | | | | | |
| Debt service: | | | | | |
| Principal | | | \$175,683 | | |
| Outlay | | | 8,716 | | |
| Capital outlay | | | | | |
| Total Expenditures | | | 184,399 | | 43,109 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 8,418 | 316,201 | (184,399) | 3,000 | (19,274) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Sale of affordable housing | | | | | |
| Transfers in | | | 150,000 | | |
| Transfers (out) | | (463,707) | | | |
| Total Other Financing Sources (Uses) | | (463,707) | 150,000 | | |
| NET CHANGE IN FUND BALANCES | 8,418 | (147,506) | (34,399) | 3,000 | (19,274) |
| BEGINNING FUND BALANCES (DEFICITS) | (8,418) | 834,496 | 129,584 | 3,858 | 366,057 |
| ENDING FUND BALANCES (DEFICITS) | | \$686,990 | \$95,185 | \$6,858 | \$346,783 |

SPECIAL REVENUE FUNDS

| State Supplemental Law Enforcement | STP Road Maintenance | Police Grants | La Vigne Landscape and Lighting | La Vigne Open Space | PG&E Grant |
|--|----------------------------|------------------|---------------------------------------|------------------------|---------------|
| | | | \$445,429 | | |
| \$100,000 581 | \$235,443 | \$10,632 | 50,131 | \$7,127 | |
| 100,581 | 235,443 | 10,632 | 495,560 | 7,127 | |
| | | | | | |
| 100,581 | | 10,632 | 221,211 | 2,550 | |
| 100,581 | | 10,632 | 221,211 | 2,550 | |
| | | | | | |
| | 235,443 | | 274,349 | 4,577 | |
| | (235,443) | | (32,920) | | |
| | (235,443) | | (32,920) | | |
| | | | 241,429 | 4,577 | |
| | | | 1,041,003 | 173,974 | |
| | | | \$1,282,432 | \$178,551 | |

(Continued)

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

SPECIAL REVENUE FUNDS

| | Employee Home Assistance | Retiree Health Benefits | Newell Park Open Spaces | Abandoned Vehicle | Fire District Health Benefits |
|--|-----------------------------|----------------------------|----------------------------|----------------------|----------------------------------|
| REVENUES | | | | | |
| Special assessments | | | | | |
| Intergovernmental | | | | \$9,189 | |
| Interest and rents | \$7,040 | \$33,413 | \$9,811 | 2,858 | \$4,405 |
| Charges for services | | | | | |
| Other | 1,464 | | | | |
| Total Revenues | 8,504 | 33,413 | 9,811 | 12,047 | 4,405 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public safety: | | | | | |
| Police and fire services | | 106,881 | | | 54,373 |
| Public works | | | | | |
| Road and park maintenance | | | | | |
| Economic development | 145,300 | | | | |
| Recreation | | | 2,846 | | |
| Debt service: | | | | | |
| Principal | | | | | |
| Outlay | | | | | |
| Capital outlay | | | | | |
| Total Expenditures | 145,300 | 106,881 | 2,846 | | 54,373 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (136,796) | (73,468) | 6,965 | 12,047 | (49,968) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Sale of affordable housing | | | | | |
| Transfers in | 100,000 | 299,900 | | | 50,000 |
| Transfers (out) | | | | (14,906) | |
| Total Other Financing Sources (Uses) | 100,000 | 299,900 | | (14,906) | 50,000 |
| NET CHANGE IN FUND BALANCES | (36,796) | 226,432 | 6,965 | (2,859) | 32 |
| BEGINNING FUND BALANCES (DEFICITS) | 124,720 | 725,125 | 13,795 | 39,439 | 150,000 |
| ENDING FUND BALANCES (DEFICITS) | \$87,924 | \$951,557 | \$20,760 | \$36,580 | \$150,032 |

SPECIAL REVENUE FUNDS

| Safe Route to Schools | Bus Stop Improvement | TFCA Grant | Prop 50 Grant | RZH Grant | Per Capita Prop 40 Grant | TDA |
|--------------------------|-------------------------|---------------|------------------|--------------|--------------------------------|----------|
| | \$27,500 | \$96,399 | | \$27,300 | \$280,000 | \$32,788 |
| | 27,500 | 96,399 | | 27,300 | 280,000 | 32,788 |
| | 27,500 | 96,399 | | 27,300 | 280,000 | 32,788 |
| | | (82,465) | | (27,300) | (280,000) | (32,788) |
| | | (82,465) | | (27,300) | (280,000) | (32,788) |
| | 27,500 | 13,934 | | | | |
| | \$27,500 | \$13,934 | | | | |

(Continued)

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

| | <u>DEBT SERVICE FUNDS</u> | | <u>CAPITAL PROJECTS FUNDS</u> | | |
|--|---|---------------------------------------|-------------------------------|-----------------------------|---------------------------|
| | <u>1997 Lease Revenue Bonds</u> | <u>Cabernet Village Lease</u> | <u>Fire Mitigation</u> | <u>Park Improvement</u> | <u>Traffic Impact</u> |
| REVENUES | | | | | |
| Special assessments | | | | | |
| Intergovernmental | | | | | |
| Interest and rents | \$15,030 | \$124,455 | \$2 | \$119,629 | \$53,964 |
| Charges for services | | | 3,237 | 37,287 | 283,274 |
| Other | | | | | |
| Total Revenues | <u>15,030</u> | <u>124,455</u> | <u>3,239</u> | <u>156,916</u> | <u>337,238</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Public safety: | | | | | |
| Police and fire services | | | | | |
| Public works | | | | | |
| Road and park maintenance | | | | | |
| Economic development | | | | | |
| Recreation | | | | | |
| Debt service: | | | | | |
| Principal | 175,000 | | | | |
| Outlay | 144,373 | 287,067 | | | |
| Capital outlay | | | | | 478,233 |
| Total Expenditures | <u>319,373</u> | <u>287,067</u> | | | <u>478,233</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(304,343)</u> | <u>(162,612)</u> | <u>3,239</u> | <u>156,916</u> | <u>(140,995)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Sale of affordable housing | | | | | |
| Transfers in | 430,000 | | | 60,000 | |
| Transfers (out) | | | | (1,431,759) | (385,190) |
| Total Other Financing Sources (Uses) | <u>430,000</u> | | | <u>(1,371,759)</u> | <u>(385,190)</u> |
| NET CHANGE IN FUND BALANCES | 125,657 | (162,612) | 3,239 | (1,214,843) | (526,185) |
| BEGINNING FUND BALANCES (DEFICITS) | <u>317,182</u> | <u>566,971</u> | <u>(1,488,201)</u> | <u>3,044,972</u> | <u>1,294,159</u> |
| ENDING FUND BALANCES (DEFICITS) | <u>\$442,839</u> | <u>\$404,359</u> | <u>(\$1,484,962)</u> | <u>\$1,830,129</u> | <u>\$767,974</u> |

| <u>CAPITAL PROJECTS FUNDS</u> | | |
|-------------------------------|---------------------------|---|
| <u>Civic Facility</u> | <u>Affordable Housing</u> | <u>Total Non-major Governmental Funds</u> |
| | | \$472,929 |
| | | 1,074,345 |
| \$14,937 | 47,599 | 545,987 |
| 217,024 | | 540,822 |
| | 22,697 | 38,016 |
| <u>231,961</u> | <u>70,296</u> | <u>2,672,099</u> |
| | | 272,467 |
| | | 221,211 |
| | 38,254 | 226,663 |
| | | 5,396 |
| | | 350,683 |
| | | 440,156 |
| | | 478,233 |
| | 38,254 | 1,994,809 |
| <u>231,961</u> | <u>32,042</u> | <u>677,290</u> |
| | 409,830 | 409,830 |
| | | 1,089,900 |
| (15,976) | | (3,002,454) |
| <u>(15,976)</u> | <u>409,830</u> | <u>(1,502,724)</u> |
| 215,985 | 441,872 | (825,434) |
| (73,401) | 1,194,479 | 8,449,794 |
| <u>\$142,584</u> | <u>\$1,636,351</u> | <u>\$7,624,360</u> |

CITY OF AMERICAN CANYON
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

| | STORM DRAINAGE | | | GAS TAX | | |
|--|--------------------|----------------|------------------------------------|--------------------|------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | | | | | | |
| Sales taxes | | | | | | |
| Other taxes | | | | | | |
| Special assessments | | | | | | |
| Licenses and permits | | | | | | |
| Fines and forfeitures | | | | | | |
| Intergovernmental | | | | \$200,200 | \$279,594 | \$79,394 |
| Interest and rents | | \$8,418 | \$8,418 | 5,000 | 36,607 | 31,607 |
| Charges for services | | | | | | |
| Other | | | | | | |
| Total Revenues | | 8,418 | 8,418 | 205,200 | 316,201 | 111,001 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Public safety | | | | | | |
| Police and fire services | | | | | | |
| Planning | | | | | | |
| Parks and community services | | | | | | |
| Public works | | | | | | |
| Road and park maintenance | | | | | | |
| Storm drain | | | | | | |
| Economic development | | | | | | |
| Recreation | | | | | | |
| Debt service: | | | | | | |
| Principal | | | | | | |
| Interest | | | | | | |
| Issue costs | | | | | | |
| Capital outlay | | | | | | |
| Total Expenditures | | | | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | 8,418 | 8,418 | 205,200 | 316,201 | 111,001 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Sale of affordable housing | | | | | | |
| Transfers in | | | | | | |
| Transfers (out) | (\$431,900) | | 431,900 | (875,200) | (463,707) | 411,493 |
| Total Other Financing Sources (Uses) | (431,900) | | 431,900 | (875,200) | (463,707) | 411,493 |
| NET CHANGE IN FUND BALANCES | <u>(\$431,900)</u> | <u>8,418</u> | <u>\$440,318</u> | <u>(\$670,000)</u> | <u>(147,506)</u> | <u>\$522,494</u> |
| BEGINNING FUND BALANCES (DEFICITS) | | <u>(8,418)</u> | | | <u>834,496</u> | |
| ENDING FUND BALANCES (DEFICITS) | | | | | <u>\$686,990</u> | |

| EQUIPMENT REPLACEMENT FIRE | | | STATE AND FEDERAL GRANTS-FIRE | | | CDBG LOAN REPAYMENT | | |
|-------------------------------|--------------------|------------------------------------|----------------------------------|----------------|------------------------------------|------------------------|------------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| | | | \$135,000 | \$3,000 | (\$132,000) | | \$9,980 | \$9,980 |
| <u>\$30,000</u> | | <u>(\$30,000)</u> | | | | <u>\$245,400</u> | <u>13,855</u> | <u>(231,545)</u> |
| <u>30,000</u> | | <u>(30,000)</u> | <u>135,000</u> | <u>3,000</u> | <u>(132,000)</u> | <u>245,400</u> | <u>23,835</u> | <u>(221,565)</u> |
| | | | 135,800 | | 135,800 | | | |
| | | | | | | 245,400 | 43,109 | 202,291 |
| 180,000 | \$175,683 8,716 | 4,317 (8,716) | | | | | | |
| <u>180,000</u> | <u>184,399</u> | <u>(4,399)</u> | <u>135,800</u> | | <u>135,800</u> | <u>245,400</u> | <u>43,109</u> | <u>202,291</u> |
| <u>(150,000)</u> | <u>(184,399)</u> | <u>(34,399)</u> | <u>(800)</u> | <u>3,000</u> | <u>3,800</u> | | <u>(19,274)</u> | <u>(19,274)</u> |
| 150,000 | 150,000 | | | | | | | |
| <u>150,000</u> | <u>150,000</u> | | | | | | | |
| | <u>(34,399)</u> | <u>(\$34,399)</u> | <u>(\$800)</u> | <u>3,000</u> | <u>\$3,800</u> | | <u>(19,274)</u> | <u>(\$19,274)</u> |
| | <u>129,584</u> | | | <u>3,858</u> | | | <u>366,057</u> | |
| | <u>\$95,185</u> | | | <u>\$6,858</u> | | | <u>\$346,783</u> | |

(Continued)

CITY OF AMERICAN CANYON
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

| | STATE SUPPLEMENTAL LAW ENFORCEMENT | | | STP ROAD MAINTENANCE | | |
|--|---------------------------------------|----------------|------------------------------------|-------------------------|------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | | | | | | |
| Sales taxes | | | | | | |
| Other taxes | | | | | | |
| Special assessments | | | | | | |
| Licenses and permits | | | | | | |
| Fines and forfeitures | | | | | | |
| Intergovernmental | \$100,000 | \$100,000 | | \$487,000 | \$235,443 | (\$251,557) |
| Interest and rents | 600 | 581 | (\$19) | | | |
| Charges for services | | | | | | |
| Other | | | | | | |
| Total Revenues | <u>100,600</u> | <u>100,581</u> | <u>(19)</u> | <u>487,000</u> | <u>235,443</u> | <u>(251,557)</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Public safety | | | | | | |
| Police and fire services | 100,600 | 100,581 | 19 | | | |
| Planning | | | | | | |
| Parks and community services | | | | | | |
| Public works | | | | | | |
| Road and park maintenance | | | | | | |
| Storm drain | | | | | | |
| Economic development | | | | | | |
| Recreation | | | | | | |
| Debt service: | | | | | | |
| Principal | | | | | | |
| Interest | | | | | | |
| Issue costs | | | | | | |
| Capital outlay | | | | | | |
| Total Expenditures | <u>100,600</u> | <u>100,581</u> | <u>19</u> | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | <u>487,000</u> | <u>235,443</u> | <u>(251,557)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Sale of affordable housing | | | | | | |
| Transfers in | | | | | | |
| Transfers (out) | | | | (487,000) | (235,443) | 251,557 |
| Total Other Financing Sources (Uses) | | | | <u>(487,000)</u> | <u>(235,443)</u> | <u>251,557</u> |
| NET CHANGE IN FUND BALANCES | | | | | | |
| BEGINNING FUND BALANCES (DEFICITS) | | | | | | |
| ENDING FUND BALANCES (DEFICITS) | | | | | | |

| POLICE GRANTS | | | LA VIGNE LANDSCAPE AND LIGHTING | | | LA VIGNE OPEN SPACE | | |
|---------------|---------------|------------------------------|---------------------------------|----------------|------------------------------|---------------------|--------------|------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| | | | \$437,000 | \$445,429 | \$8,429 | | | |
| \$42,900 | \$10,632 | (\$32,268) | 10,800 | 50,131 | 39,331 | \$5,500 | \$7,127 | \$1,627 |
| <u>42,900</u> | <u>10,632</u> | <u>(32,268)</u> | <u>447,800</u> | <u>495,560</u> | <u>47,760</u> | <u>5,500</u> | <u>7,127</u> | <u>1,627</u> |
| 42,900 | 10,632 | 32,268 | 449,300 | 221,211 | 228,089 | | | |
| | | | | | | 3,200 | 2,550 | 650 |
| <u>42,900</u> | <u>10,632</u> | <u>32,268</u> | <u>449,300</u> | <u>221,211</u> | <u>228,089</u> | <u>3,200</u> | <u>2,550</u> | <u>650</u> |
| | | | (1,500) | 274,349 | 275,849 | 2,300 | 4,577 | 2,277 |
| | | | | (32,920) | (32,920) | | | |
| | | | | (32,920) | (32,920) | | | |
| | | | <u>(\$1,500)</u> | 241,429 | <u>\$242,929</u> | <u>\$2,300</u> | 4,577 | <u>\$2,277</u> |
| | | | | 1,041,003 | | | 173,974 | |
| | | | <u>\$1,282,432</u> | | | <u>\$178,551</u> | | |

(Continued)

CITY OF AMERICAN CANYON
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

| | EMPLOYEE HOME ASSISTANCE | | | RETIREE HEALTH BENEFITS | | |
|--|--------------------------|------------------|------------------------------------|-------------------------|------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | | | | | | |
| Sales taxes | | | | | | |
| Other taxes | | | | | | |
| Special assessments | | | | | | |
| Licenses and permits | | | | | | |
| Fines and forfeitures | | | | | | |
| Intergovernmental | | | | | | |
| Interest and rents | \$5,500 | \$7,040 | \$1,540 | \$7,000 | \$33,413 | \$26,413 |
| Charges for services | | | | | | |
| Other | | 1,464 | 1,464 | | | |
| Total Revenues | <u>5,500</u> | <u>8,504</u> | <u>3,004</u> | <u>7,000</u> | <u>33,413</u> | <u>26,413</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Public safety | | | | | | |
| Police and fire services | | | | 80,000 | 106,881 | (26,881) |
| Planning | | | | | | |
| Parks and community services | | | | | | |
| Public works | | | | | | |
| Road and park maintenance | | | | | | |
| Storm drain | | | | | | |
| Economic development | 150,000 | 145,300 | 4,700 | | | |
| Recreation | | | | | | |
| Debt service: | | | | | | |
| Principal | | | | | | |
| Interest | | | | | | |
| Issue costs | | | | | | |
| Capital outlay | | | | | | |
| Total Expenditures | <u>150,000</u> | <u>145,300</u> | <u>4,700</u> | <u>80,000</u> | <u>106,881</u> | <u>(26,881)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>(144,500)</u> | <u>(136,796)</u> | <u>7,704</u> | <u>(73,000)</u> | <u>(73,468)</u> | <u>(468)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Sale of affordable housing | | | | | | |
| Transfers in | 100,000 | 100,000 | | 299,900 | 299,900 | |
| Transfers (out) | | | | | | |
| Total Other Financing Sources (Uses) | <u>100,000</u> | <u>100,000</u> | | <u>299,900</u> | <u>299,900</u> | |
| NET CHANGE IN FUND BALANCES | <u>(\$44,500)</u> | <u>(36,796)</u> | <u>\$7,704</u> | <u>\$226,900</u> | <u>226,432</u> | <u>(\$468)</u> |
| BEGINNING FUND BALANCES (DEFICITS) | | <u>124,720</u> | | | <u>725,125</u> | |
| ENDING FUND BALANCES (DEFICITS) | | <u>\$87,924</u> | | | <u>\$951,557</u> | |

| NEWELL PARK OPEN SPACE | | | ABANDONED VEHICLE | | | FIRE DISTRICT HEALTH BENEFITS | | |
|---------------------------|-----------------|------------------------------------|-------------------|-----------------|------------------------------------|----------------------------------|------------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$5,000 | | (\$5,000) | \$2,700 | \$9,189 | \$6,489 | | | |
| 10,000 | \$9,811 | (189) | | 2,858 | 2,858 | | \$4,405 | \$4,405 |
| <u>15,000</u> | <u>9,811</u> | <u>(5,189)</u> | <u>2,700</u> | <u>12,047</u> | <u>9,347</u> | | <u>4,405</u> | <u>4,405</u> |
| | | | 2,700 | | 2,700 | \$50,000 | 54,373 | (4,373) |
| 10,000 | 2,846 | 7,154 | | | | | | |
| <u>10,000</u> | <u>2,846</u> | <u>7,154</u> | <u>2,700</u> | | <u>2,700</u> | <u>50,000</u> | <u>54,373</u> | <u>(4,373)</u> |
| <u>5,000</u> | <u>6,965</u> | <u>1,965</u> | | <u>12,047</u> | <u>12,047</u> | <u>(50,000)</u> | <u>(49,968)</u> | <u>32</u> |
| <u>(5,000)</u> | | <u>5,000</u> | | <u>(14,906)</u> | <u>(14,906)</u> | <u>50,000</u> | <u>50,000</u> | |
| <u>(5,000)</u> | | <u>5,000</u> | | <u>(14,906)</u> | <u>(14,906)</u> | <u>50,000</u> | <u>50,000</u> | |
| | 6,965 | \$6,965 | | (2,859) | (\$2,859) | | 32 | \$32 |
| | <u>13,795</u> | | | <u>39,439</u> | | | <u>150,000</u> | |
| | <u>\$20,760</u> | | | <u>\$36,580</u> | | | <u>\$150,032</u> | |

(Continued)

CITY OF AMERICAN CANYON
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

| | SAFE ROUTE TO SCHOOLS | | | TFCA GRANT | | |
|--|-----------------------|--------|------------------------------------|-----------------|-----------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | | | | | | |
| Sales taxes | | | | | | |
| Other taxes | | | | | | |
| Special assessments | | | | | | |
| Licenses and permits | | | | | | |
| Fines and forfeitures | | | | | | |
| Intergovernmental | \$144,000 | | (\$144,000) | \$95,000 | \$96,399 | \$1,399 |
| Interest and rents | | | | | | |
| Charges for services | | | | | | |
| Other | | | | | | |
| Total Revenues | <u>144,000</u> | | <u>(144,000)</u> | <u>95,000</u> | <u>96,399</u> | <u>1,399</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Public safety | | | | | | |
| Police and fire services | | | | | | |
| Planning | | | | | | |
| Parks and community services | | | | | | |
| Public works | | | | | | |
| Road and park maintenance | | | | | | |
| Storm drain | | | | | | |
| Economic development | | | | | | |
| Recreation | | | | | | |
| Debt service: | | | | | | |
| Principal | | | | | | |
| Interest | | | | | | |
| Issue costs | | | | | | |
| Capital outlay | | | | | | |
| Total Expenditures | | | | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>144,000</u> | | <u>(144,000)</u> | <u>95,000</u> | <u>96,399</u> | <u>1,399</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Sale of affordable housing | | | | | | |
| Transfers in | | | | | | |
| Transfers (out) | (110,300) | | 110,300 | (56,600) | (82,465) | (25,865) |
| Total Other Financing Sources (Uses) | <u>(110,300)</u> | | <u>110,300</u> | <u>(56,600)</u> | <u>(82,465)</u> | <u>(25,865)</u> |
| NET CHANGE IN FUND BALANCES | <u>\$33,700</u> | | <u>(\$33,700)</u> | <u>\$38,400</u> | <u>13,934</u> | <u>(\$24,466)</u> |
| BEGINNING FUND BALANCES (DEFICITS) | | | | | | |
| ENDING FUND BALANCES (DEFICITS) | | | | | <u>\$13,934</u> | |

| PROP 50 GRANT | | | RZH GRANT | | | PRO CAPITA PROP 40 GRANT | | |
|------------------|--------|------------------------------------|-----------------|-----------------|------------------------------------|--------------------------|------------------|------------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$575,600 | | (\$575,600) | \$27,300 | \$27,300 | | \$230,000 | \$280,000 | \$50,000 |
| <u>\$575,600</u> | | <u>(\$575,600)</u> | <u>27,300</u> | <u>27,300</u> | | <u>230,000</u> | <u>280,000</u> | <u>50,000</u> |
| | | | | | | | | |
| | | | | | | | | |
| <u>575,600</u> | | <u>(\$575,600)</u> | <u>27,300</u> | <u>27,300</u> | | <u>230,000</u> | <u>280,000</u> | <u>50,000</u> |
| | | | <u>(27,300)</u> | <u>(27,300)</u> | | <u>(230,000)</u> | <u>(280,000)</u> | <u>(50,000)</u> |
| | | | <u>(27,300)</u> | <u>(27,300)</u> | | <u>(230,000)</u> | <u>(280,000)</u> | <u>(50,000)</u> |
| <u>\$575,600</u> | | <u>(\$575,600)</u> | | | | | | |

(Continued)

CITY OF AMERICAN CANYON
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

| | TDA GRANT | | | 1997 LEASE REVENUE BONDS | | |
|--|--------------------------|--------------------------|------------------------------------|-----------------------------|-------------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | | | | | | |
| Sales taxes | | | | | | |
| Other taxes | | | | | | |
| Special assessments | | | | | | |
| Licenses and permits | | | | | | |
| Fines and forfeitures | | | | | | |
| Intergovernmental | \$161,500 | \$32,788 | (\$128,712) | | | |
| Interest and rents | | | | \$12,000 | \$15,030 | \$3,030 |
| Charges for services | | | | | | |
| Other | | | | | | |
| Total Revenues | <u>161,500</u> | <u>32,788</u> | <u>(128,712)</u> | <u>12,000</u> | <u>15,030</u> | <u>3,030</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Public safety | | | | | | |
| Police and fire services | | | | | | |
| Planning | | | | | | |
| Parks and community services | | | | | | |
| Public works | | | | | | |
| Road and park maintenance | | | | | | |
| Storm drain | | | | | | |
| Economic development | | | | | | |
| Recreation | | | | | | |
| Debt service: | | | | | | |
| Principal | | | | 183,400 | 175,000 | 8,400 |
| Interest | | | | 131,600 | 144,373 | (12,773) |
| Issue costs | | | | | | |
| Capital outlay | | | | | | |
| Total Expenditures | | | | <u>315,000</u> | <u>319,373</u> | <u>(4,373)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | <u>161,500</u> | <u>32,788</u> | <u>(128,712)</u> | <u>(303,000)</u> | <u>(304,343)</u> | <u>(1,343)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Sale of affordable housing | | | | | | |
| Transfers in | | | | 430,000 | 430,000 | |
| Transfers (out) | (161,500) | (32,788) | 128,712 | | | |
| Total Other Financing Sources (Uses) | <u>(161,500)</u> | <u>(32,788)</u> | <u>128,712</u> | <u>430,000</u> | <u>430,000</u> | |
| NET CHANGE IN FUND BALANCES | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> | <u><u>\$127,000</u></u> | <u><u>125,657</u></u> | <u><u>(\$1,343)</u></u> |
| BEGINNING FUND BALANCES (DEFICITS) | | | | | <u>317,182</u> | |
| ENDING FUND BALANCES (DEFICITS) | | | | | <u><u>\$442,839</u></u> | |

| CABERNET VILLAGE LEASE | | | FIRE MITIGATION | | | PARK IMPROVEMENT | | |
|------------------------|------------------|------------------------------|------------------|----------------------|------------------------------|--------------------|--------------------|------------------------------|
| Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| \$14,100 | \$124,455 | \$110,355 | \$10,000 | \$2 | (\$9,998) | \$536,000 | \$119,629 | (\$416,371) |
| | | | 500,000 | 3,237 | (496,763) | 1,676,400 | 37,287 | (1,639,113) |
| <u>14,100</u> | <u>124,455</u> | <u>110,355</u> | <u>510,000</u> | <u>3,239</u> | <u>(506,761)</u> | <u>2,212,400</u> | <u>156,916</u> | <u>(2,055,484)</u> |
| 288,500 | 287,067 | 1,433 | | | | | | |
| <u>288,500</u> | <u>287,067</u> | <u>1,433</u> | | | | | | |
| <u>(274,400)</u> | <u>(162,612)</u> | <u>111,788</u> | <u>510,000</u> | <u>3,239</u> | <u>(506,761)</u> | <u>2,212,400</u> | <u>156,916</u> | <u>(2,055,484)</u> |
| | | | | | | (2,628,600) | 60,000 | 60,000 |
| | | | | | | (2,628,600) | (1,431,759) | 1,196,841 |
| | | | | | | (2,628,600) | (1,371,759) | 1,256,841 |
| <u>(\$274,400)</u> | <u>(162,612)</u> | <u>\$111,788</u> | <u>\$510,000</u> | <u>3,239</u> | <u>(\$506,761)</u> | <u>(\$416,200)</u> | <u>(1,214,843)</u> | <u>(\$798,643)</u> |
| | 566,971 | | | (1,488,201) | | | 3,044,972 | |
| | <u>\$404,359</u> | | | <u>(\$1,484,962)</u> | | | <u>\$1,830,129</u> | |

(Continued)

CITY OF AMERICAN CANYON
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2008

| | TRAFFIC IMPACT | | | CIVIC FACILITY | | |
|--|----------------------|------------------|------------------------------------|------------------|------------------|------------------------------------|
| | Budget | Actual | Variance Positive (Negative) | Budget | Actual | Variance Positive (Negative) |
| REVENUES | | | | | | |
| Property taxes | | | | | | |
| Sales taxes | | | | | | |
| Other taxes | | | | | | |
| Special assessments | | | | | | |
| Licenses and permits | | | | | | |
| Fines and forfeitures | | | | | | |
| Intergovernmental | | | | | | |
| Interest and rents | \$49,200 | \$53,964 | \$4,764 | \$9,600 | \$14,937 | \$5,337 |
| Charges for services | 2,001,400 | 283,274 | (1,718,126) | 382,400 | 217,024 | (165,376) |
| Other | | | | | | |
| Total Revenues | 2,050,600 | 337,238 | (1,713,362) | 392,000 | 231,961 | (160,039) |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Public safety | | | | | | |
| Police and fire services | | | | | | |
| Planning | | | | | | |
| Parks and community services | | | | | | |
| Public works | | | | | | |
| Road and park maintenance | | | | | | |
| Storm drain | | | | | | |
| Economic development | | | | | | |
| Recreation | | | | | | |
| Debt service: | | | | | | |
| Principal | | | | | | |
| Interest | | | | | | |
| Issue costs | | | | | | |
| Capital outlay | | 478,233 | (478,233) | | | |
| Total Expenditures | | 478,233 | (478,233) | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 2,050,600 | (140,995) | (2,191,595) | 392,000 | 231,961 | (160,039) |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Sale of affordable housing | | | | | | |
| Transfers in | | | | | | |
| Transfers (out) | (3,329,200) | (385,190) | 2,944,010 | (46,500) | (15,976) | 30,524 |
| Total Other Financing Sources (Uses) | (3,329,200) | (385,190) | 2,944,010 | (46,500) | (15,976) | 30,524 |
| NET CHANGE IN FUND BALANCES | <u>(\$1,278,600)</u> | <u>(526,185)</u> | <u>\$752,415</u> | <u>\$345,500</u> | <u>215,985</u> | <u>(\$129,515)</u> |
| BEGINNING FUND BALANCES (DEFICITS) | | 1,294,159 | | | (73,401) | |
| ENDING FUND BALANCES (DEFICITS) | | <u>\$767,974</u> | | | <u>\$142,584</u> | |

INTERNAL SERVICE FUNDS

Support Services – closed out remaining balances in fiscal year 2007-08 for general accounting, human resources, utility billing and risk management activities which were primarily accounted for in the general fund during the year

Equipment Replacement - closed out remaining balances in fiscal year 2007-08 for building maintenance and fleet operations which were primarily accounted for in the general fund during the year

CITY OF AMERICAN CANYON
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET ASSETS
JUNE 30, 2008

| | Support Services | Equipment Replacement | Total |
|---|---------------------|--------------------------|-------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | | | |
| Accounts receivable | | | |
| Interest receivable | | | |
| Total Current Assets | | | |
| Non-Current Assets: | | | |
| Depreciable capital assets | | | |
| Machinery and equipment | | | |
| Less: accumulated depreciation | | | |
| Net capital assets | | | |
| Total Assets | | | |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | | | |
| Accrued liabilities | | | |
| Claims payable | | | |
| Compensated absences | | | |
| Total Current Liabilities | | | |
| NET ASSETS | | | |
| Invested in capital assets, net of related debt | | | |
| Unrestricted | | | |
| Total Net Assets | | | |

CITY OF AMERICAN CANYON
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2008

| | Support Services | Equipment Replacement | Total |
|---|--------------------------|--------------------------|--------------------------|
| OPERATING REVENUES | | | |
| Other revenue | \$12,260 | \$80,169 | \$92,429 |
| Total Operating Revenues | 12,260 | 80,169 | 92,429 |
| OPERATING EXPENSES | | | |
| Depreciation | 178,938 | 40,382 | 219,320 |
| Total Operating Expenses | 178,938 | 40,382 | 219,320 |
| Operating Income (Loss) | (166,678) | 39,787 | (126,891) |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Interest income | | 2 | 2 |
| Total Nonoperating Revenues (Expenses) | | 2 | 2 |
| Income (Loss) Before Transfers | (166,678) | 39,789 | (126,889) |
| Transfers (out) | (1,634,180) | (658,291) | (2,292,471) |
| Change in Net Assets | (1,800,858) | (618,502) | (2,419,360) |
| BEGINNING NET ASSETS | <u>1,800,858</u> | <u>618,502</u> | <u>2,419,360</u> |
| ENDING NET ASSETS | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |

CITY OF AMERICAN CANYON
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2008

| | Support Services | Equipment Replacement | Total |
|--|------------------------------------|------------------------------------|------------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$12,260 | \$87,016 | \$99,276 |
| Payments to suppliers | (22,188) | (127,924) | (150,112) |
| Payments to employees | (12,260) | (80,169) | (92,429) |
| Claims paid | (22,861) | (22,861) | (22,861) |
| | <u>(22,188)</u> | <u>(143,938)</u> | <u>(166,126)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers out | (1,634,180) | (658,291) | (2,292,471) |
| | <u>(1,634,180)</u> | <u>(658,291)</u> | <u>(2,292,471)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Transfer of capital assets to governmental activities | 417,893 | 68,622 | 486,515 |
| | <u>417,893</u> | <u>68,622</u> | <u>486,515</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | 13,259 | 7,767 | 21,026 |
| | <u>13,259</u> | <u>7,767</u> | <u>21,026</u> |
| Net Cash Flows | (1,225,216) | (725,840) | (1,951,056) |
| Cash and investments at beginning of period | <u>1,225,216</u> | <u>725,840</u> | <u>1,951,056</u> |
| Cash and investments at end of period | <u><u> </u></u> | <u><u> </u></u> | <u><u> </u></u> |
| Reconciliation of operating income (loss) to net cash flows | | | |
| from operating activities: | | | |
| Operating income (loss) | (\$1,800,858) | (\$618,502) | (\$2,419,360) |
| Adjustments to reconcile operating income to net cash flows | | | |
| from operating activities: | | | |
| Depreciation | 178,938 | 40,382 | 219,320 |
| Transfers (out) | 1,634,180 | 658,291 | 2,292,471 |
| Change in assets and liabilities: | | | |
| Accounts receivable | | 6,845 | 6,845 |
| Accounts payable | (13,855) | (90,068) | (103,923) |
| Accrued liabilities | (8,333) | (37,856) | (46,189) |
| Claims payable | | (22,861) | (22,861) |
| Compensated absences | (12,260) | (80,169) | (92,429) |
| Cash Flows from Operating Activities | <u><u>(\$22,188)</u></u> | <u><u>(\$143,938)</u></u> | <u><u>(\$166,126)</u></u> |

AGENCY FUNDS

La Vigne Special 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.

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.

CITY OF AMERICAN CANYON
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2008

| | Balance June 30, 2007 (as restated) | Additions | Reductions | Balance June 30, 2008 |
|--------------------------------------|---|--------------------|----------------------|--------------------------|
| <u>La Vigne Assessment District</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$757,021 | | (\$205,791) | \$551,230 |
| Restricted cash and cash equivalents | | \$546,618 | | 546,618 |
| Receivables - Interest | 1,424 | 2,880 | (1,424) | 2,880 |
| Assessment Receivable | 5,827,408 | | (704,429) | 5,122,979 |
| | <u>\$6,585,853</u> | <u>\$549,498</u> | <u>(\$911,644)</u> | <u>\$6,223,707</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$8,647 | \$3,042 | (\$8,647) | \$3,042 |
| Due to bondholders | 6,577,206 | | (356,541) | 6,220,665 |
| | <u>\$6,585,853</u> | <u>\$3,042</u> | <u>(\$365,188)</u> | <u>\$6,223,707</u> |
| <u>Road East Assessment District</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$1,478,631 | | (\$649,173) | \$829,458 |
| Restricted cash and cash equivalents | | \$1,219,477 | | 1,219,477 |
| Receivables - Interest | 1,916 | 3,733 | (1,916) | 3,733 |
| Assessment Receivable | 16,629,333 | | (1,740,873) | 14,888,460 |
| | <u>\$18,109,880</u> | <u>\$1,223,210</u> | <u>(\$2,391,962)</u> | <u>\$16,941,128</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$14,051 | | (\$14,051) | |
| Due to bondholders | 18,095,829 | | (1,154,701) | \$16,941,128 |
| | <u>\$18,109,880</u> | | <u>(\$1,168,752)</u> | <u>\$16,941,128</u> |
| <u>Total Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash and investments | \$2,235,652 | | (\$854,964) | \$1,380,688 |
| Restricted cash and cash equivalents | | \$1,766,095 | | 1,766,095 |
| Receivables - Interest | 3,340 | 6,613 | (3,340) | 6,613 |
| Assessment Receivable | 22,456,741 | | (2,445,302) | 20,011,439 |
| | <u>\$24,695,733</u> | <u>\$1,772,708</u> | <u>(\$3,303,606)</u> | <u>\$23,164,835</u> |
| <u>Liabilities</u> | | | | |
| Accounts payable | \$22,698 | \$3,042 | (\$22,698) | \$3,042 |
| Due to bondholders | 24,673,035 | | (1,511,242) | 23,161,793 |
| | <u>\$24,695,733</u> | <u>\$3,042</u> | <u>(\$1,533,940)</u> | <u>\$23,164,835</u> |

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 Assets by Component
2. Changes in Net Assets
3. Government Activities Tax Revenue By Source
4. Fund Balances of Governmental Funds
5. Changes in Fund Balance 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:

1. Assessed and Estimated Actual Value of Taxable Property
2. Property Tax Rates, All Direct and Overlapping Governments
3. Principal Property Taxpayers
4. 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:

1. Ratio of Outstanding Debt by Type
2. Ratio of General Bonded Debt Outstanding
3. Computation of Direct and Overlapping Debt
4. Computation of Legal Bonded Debt Margin
5. Debt Pledged Revenue Coverage, Water and Wastewater Revenue Bonds

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:

1. Demographic and Economic Statistics
2. 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:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. 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. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

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Statistical Section



Wetlands Edge Linear Park

Schedule 1
City of American Canyon
Net Assets by Component
Last Four Fiscal Years
(Accrual basis of accounting)

| | For The Fiscal Years Ended June 30 | | | |
|---|------------------------------------|-----------------------|-----------------------|-----------------------|
| | 2005 | 2006 | 2007 | 2008 |
| Governmental activities: | | | | |
| Invested in capital assets, net of related debt | \$ 22,013,417 | \$ 34,983,375 | \$ 227,564,725 | \$ 250,971,443 |
| Restricted | 24,818,325 | 41,254,502 | 42,782,549 | 17,020,361 |
| Unrestricted | 14,406,044 | 14,924,274 | 10,245,964 | 20,757,525 |
| Total governmental activities net assets | \$ 61,237,786 | \$ 91,162,151 | \$ 280,593,238 | \$ 288,749,329 |
| Business-type activities: | | | | |
| Invested in capital assets, net of related debt | \$ 31,643,785 | \$ 36,004,059 | \$ 43,651,150 | \$ 43,155,744 |
| Restricted | 10,259,428 | 13,730,771 | 6,612,632 | 6,785,993 |
| Unrestricted | 4,346,820 | 3,849,363 | 4,573,795 | 4,707,005 |
| Total business-type activities | \$ 46,250,033 | \$ 53,584,193 | \$ 54,837,577 | \$ 54,648,742 |
| Primary government (City wide totals) | | | | |
| Invested in capital assets, net of related debt | \$ 53,657,202 | \$ 70,987,434 | \$ 271,215,875 | \$ 294,127,187 |
| Restricted | 35,077,753 | 54,985,273 | 49,395,181 | 23,806,354 |
| Unrestricted | 18,752,864 | 18,773,637 | 14,819,759 | 25,464,530 |
| Total primary government net assets | \$ 107,487,819 | \$ 144,746,344 | \$ 335,430,815 | \$ 343,398,071 |

Note: The City implemented GASB Statement Number 34 in the 2003 fiscal year. The information in this schedule is therefore set forth prospectively from the year of implementation.

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

| | 2005 | 2006 | 2007 | 2008 |
|---|----------------------|----------------------|----------------------|----------------------|
| Expenses: | | | | |
| Governmental activities: | | | | |
| General government | \$ 1,314,727 | \$ 2,010,072 | \$ 2,137,443 | \$ 2,967,301 |
| Public Safety | 5,720,899 | 6,519,301 | 7,569,230 | 7,890,538 |
| Planning | 1,723,158 | 2,408,385 | 2,070,303 | 2,398,727 |
| Parks | 762,735 | 811,565 | 820,265 | 694,902 |
| Public works | 2,365,794 | 3,154,375 | 4,363,249 | 3,833,395 |
| Recreation | 1,183,495 | 1,349,352 | 1,509,326 | 1,186,103 |
| Interest on long-term debt | 800,248 | 1,307,101 | 1,494,237 | 452,048 |
| Total governmental activities expenses | 13,871,056 | 17,560,151 | 19,964,053 | 19,423,014 |
| Business-type activities: | | | | |
| Water | 3,708,254 | 4,277,051 | 4,907,860 | 6,401,819 |
| Wastewater | 3,783,313 | 3,783,076 | 3,508,065 | 4,263,817 |
| Transit | 161,627 | 180,006 | 19,778 | 21,896 |
| Total business-type activities expenses | 7,653,194 | 8,240,133 | 8,435,703 | 10,687,532 |
| Total City government expenses | \$ 21,524,250 | \$ 25,800,284 | \$ 28,399,756 | \$ 30,110,546 |
| Program Revenues: | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 891,990 | \$ 1,318,594 | \$ 574,407 | \$ 2,189,873 |
| Public Safety | 1,188,952 | 1,233,993 | 1,035,907 | 960,774 |
| Planning | 1,702,797 | 1,920,903 | 1,030,340 | 664,775 |
| Parks and recreation | 559,504 | 814,243 | 555,270 | 376,472 |
| Public works | 3,478,602 | 2,126,087 | 825,602 | 476,631 |
| Operating grants and contributions | 617,845 | 1,247,123 | 7,112,187 | 10,800,170 |
| Capital grants and contributions | 16,591,942 | 26,671,090 | 953,299 | 2,163,102 |
| Total governmental activities program revenues | 25,031,632 | 35,332,033 | 12,087,012 | 17,631,797 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water | 3,514,930 | 3,602,305 | 3,901,103 | 4,160,383 |
| Wastewater | 2,330,231 | 2,751,242 | 2,901,494 | 3,157,260 |
| Transit | 9,110 | 9,010 | 5,351 | 3,045 |
| Operating grants and contributions | 141,041 | 143,371 | 9,009 | - |
| Capital grants and contributions | 11,112,300 | 8,878,705 | 3,941,030 | 2,934,877 |
| Total business-type activities programs revenues | 17,107,612 | 15,384,633 | 10,757,987 | 10,255,565 |
| Total City government program revenues | \$ 42,139,244 | \$ 50,716,666 | \$ 22,844,999 | \$ 27,887,362 |

(Continued)

Schedule 2 -Continued
City of American Canyon
Changes in Net Assets, Last Four Fiscal Years
(Accrual Basis of Accounting)

| | 2005 | 2006 | 2007 | 2008 |
|---|----------------------|----------------------|-----------------------|-----------------------|
| Net(Expense)Revenue: | | | | |
| Governmental activities | \$ 11,160,576 | \$ 17,771,882 | \$ (7,877,041) | \$ (1,791,217) |
| Business-type activities | 9,454,418 | 7,144,500 | 2,322,284 | (431,967) |
| Total City government | <u>\$ 20,614,994</u> | <u>\$ 24,916,382</u> | <u>\$ (5,554,757)</u> | <u>\$ (2,223,184)</u> |
| General Revenues and Other Changes in in Net Assets: | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 6,733,737 | \$ 8,297,424 | \$ 9,356,579 | 10,673,890 |
| Sales taxes | 1,434,077 | 1,660,673 | 1,794,124 | 2,446,951 |
| Other taxes | 813,874 | 785,907 | 784,213 | 2,717,561 |
| Unrestricted grants and contributions | 852,361 | 1,058,703 | 1,191,706 | 110,157 |
| Investment earnings | 244,066 | 453,653 | 885,293 | 1,368,236 |
| Miscellaneous | 7,519 | 85,783 | 348,145 | 472,604 |
| Transfers | 119,400 | (189,660) | 1,068,900 | 483,198 |
| Special item: contribution of land | (2,800,000) | - | - | - |
| Total governmental activities | <u>7,405,034</u> | <u>12,152,483</u> | <u>15,428,960</u> | <u>18,272,597</u> |
| Business-type activities | | | | |
| Investment earnings | - | | | |
| Transfers | (119,400) | 189,660 | (1,068,900) | 243,132 |
| Total business-type activities | <u>(119,400)</u> | <u>189,660</u> | <u>(1,068,900)</u> | <u>243,132</u> |
| Total City government | <u>\$ 7,285,634</u> | <u>\$ 12,342,143</u> | <u>\$ 14,360,060</u> | <u>\$ 18,515,729</u> |
| Change in net assets: | | | | |
| Governmental activities | \$ 18,565,610 | \$ 29,924,365 | \$ 7,551,919 | \$ 16,481,380 |
| Business-type activities | 9,335,018 | 7,334,160 | 1,253,384 | (188,835) |
| Total City government | <u>\$ 27,900,628</u> | <u>\$ 37,258,525</u> | <u>\$ 8,805,303</u> | <u>\$ 16,292,545</u> |

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

| Fiscal Year | General Fund | | | All Other Governmental Funds | | | |
|-------------|--------------|------------|--------------------|------------------------------|-------------------------|------------------|------------|
| | Reserved | Unreserved | Total General Fund | Reserved | Unreserved, reported in | | Total |
| | | | | | Special Revenue | Capital Projects | |
| 2008 | 2,076,721 | 8,899,893 | 10,976,614 | 4,867,860 | 7,959,292 | 4,547,519 | 17,374,671 |
| 2007 | 2,912,695 | 5,049,883 | 7,962,578 | 3,955,073 | 6,005,878 | 17,344,047 | 27,304,998 |
| 2006 | 1,375,885 | 6,743,625 | 8,119,510 | 1,321,957 | 7,813,033 | 30,390,931 | 39,525,921 |
| 2005 | 809,859 | 7,212,803 | 8,022,662 | 1,180,815 | 4,775,233 | 17,798,038 | 23,754,086 |

Note: The City implemented GASB statement Number 34 in the 2003 fiscal year. The information in this schedule is therefore set forth prospectively from the year of implementation.

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)

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|--|----------------|--------------|---------------|---------------|-----------------|-----------------|-----------------|------------------|--------------------|-------------------|
| Revenues: | | | | | | | | | | |
| Taxes | \$ 3,855 | 4,195 | 4,629 | 5,498 | 6,686 | 7,543 | 9,232 | 11,315 | 12,005 | \$ 14,165 |
| Licenses and permits | 174 | 299 | 1,400 | 954 | 1,400 | 1,198 | 782 | 960 | 484 | 633 |
| Fines and forfeits | 32 | 39 | 63 | 56 | 68 | 102 | 121 | 87 | 137 | 196 |
| Charges for services | 992 | 1,413 | 5,056 | 4,642 | 3,536 | 5,657 | 6,233 | 6,314 | 2,172 | 3,745 |
| Special assessments | | | | | | | | | 2,104 | 473 |
| Intergovernmental | 995 | 1,162 | 3,502 | 1,540 | 1,636 | 1,291 | 1,248 | 2,683 | 3,549 | 3,032 |
| Interest and rents | 376 | 386 | 764 | 574 | 563 | 242 | 594 | 1,723 | 2,149 | 1,702 |
| Other revenues | 228 | 141 | 202 | 240 | 217 | 532 | 1,045 | 1,119 | 582 | 706 |
| Total revenues | 6,652 | 7,635 | 15,616 | 13,504 | 14,106 | 16,565 | 19,255 | 24,201 | 23,182 | 24,652 |
| Expenditures: | | | | | | | | | | |
| General government | 777 | 616 | 870 | 1,057 | 1,126 | 1,310 | 1,463 | 2,136 | 2,182 | 4,577 |
| Public safety | 2,368 | 2,567 | 2,661 | 3,121 | 3,715 | 4,213 | 5,508 | 6,422 | 7,447 | 7,630 |
| Parks and Recreation | 585 | 819 | 853 | 1,020 | 1,220 | 1,424 | 1,765 | 1,999 | 2,193 | 1,748 |
| Planning and Public Works | 1,402 | 1,015 | 1,614 | 2,194 | 2,439 | 3,267 | 3,805 | 7,632 | 6,057 | 4,974 |
| Capital outlay | 3,126 | 361 | 1,981 | 2,896 | 703 | 417 | 2,226 | 6,086 | 24,446 | 10,580 |
| Debt service: | | | | | | | | | | |
| Payment to escrow agent | | | - | - | 360 | - | 694 | - | - | - |
| Costs of issuance | | | - | 447 | 247 | - | 404 | 902 | 53 | |
| Principal | 285 | 90 | 95 | 100 | 255 | 255 | 454 | 420 | 773 | 351 |
| Interest | 271 | 262 | 255 | 489 | 535 | 579 | 415 | 974 | 1,390 | 441 |
| Total expenditures | 8,814 | 5,730 | 8,329 | 11,324 | 10,600 | 11,465 | 16,734 | 26,571 | 44,541 | 30,301 |
| Excess of revenues over (under) expenditures | (2,162) | 1,905 | 7,287 | 2,180 | 3,506 | 5,100 | 2,521 | (2,371) | (21,359) | (5,648) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Proceeds from borrowing | - | - | - | 6,935 | 4,230 | - | 8,105 | 18,405 | 6,695 | - |
| Sale of Affordable Hsng Site | | | | | | | | | 1,218 | 410 |
| Payments to escrow agent | - | - | - | - | (3,663) | - | (6,355) | - | - | - |
| Transfers in | 705 | 877 | 1,394 | 4,296 | 2,006 | 1,313 | 2,552 | 23,623 | 11,471 | 6,064 |
| Transfers out | (770) | (990) | (1,492) | (9,234) | (1,998) | (1,176) | (2,433) | (23,787) | (10,402) | (4,574) |
| Total other financing Sources (Uses) | (65) | (113) | (98) | 1,997 | 575 | 137 | 1,869 | 18,241 | 8,982 | 1,900 |
| Net change in fund balances | (2,227) | 1,792 | 7,189 | 4,177 | \$ 4,081 | \$ 5,237 | \$ 4,390 | \$ 15,870 | \$ (12,377) | \$ (3,748) |
| Debt service as a percentage of noncapital expenditures | 6.7% | 6.5% | 4.4% | 10.1% | 15.2% | 7.8% | 13.3% | 9.5% | 5.2% | 2.7% |

Schedule 5
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 | Propossory Int. | Unsecured | Unknown | Total | Total Direct Rate |
|-------------|-------------|------------|------------|-------------|----------------|-----------------|-----------|---------|-----------|-------------------|
| 1998-1999 | 293,146 | 19,763 | 91,906 | 20,608 | 1,981 | 9,922 | 38,392 | 38,782 | 514,500 | 0.33% |
| 1999-2000 | 305,842 | 19,636 | 100,512 | 27,675 | 1,862 | 9,922 | 32,271 | - | 497,720 | 0.33% |
| 2000-2001 | 334,024 | 21,059 | 118,916 | 52,665 | 1,735 | 9,922 | 34,018 | 1,735 | 574,074 | 0.32% |
| 2001-2002 | 388,282 | 21,177 | 133,500 | 70,355 | 2,442 | 9,779 | 38,596 | - | 664,131 | 0.32% |
| 2002-2003 | 567,348 | 45,550 | 157,555 | 97,063 | 2,432 | 10,575 | 37,048 | - | 917,571 | 0.32% |
| 2003-2004 | 795,424 | 48,611 | 178,764 | 58,532 | 2,524 | 10,999 | 45,704 | 2,524 | 1,143,082 | 0.31% |
| 2004-2005 | 1,024,087 | 64,383 | 200,032 | 74,015 | 420 | 11,258 | 63,544 | 420 | 1,438,159 | 0.30% |
| 2005-2006 | 1,348,109 | 72,886 | 223,619 | 49,993 | 1,263 | 11,750 | 62,603 | 1,263 | 1,771,483 | 0.30% |
| 2006-2007 | 1,632,628 | 78,370 | 245,692 | 58,882 | 1,262 | 12,742 | 73,975 | - | 2,103,451 | 0.29% |
| 2007-2008 | 1,870,452 | 119,382 | 246,670 | 47,636 | 1,226 | 13,816 | 116,944 | - | 2,416,126 | 0.29% |

Source: Napa County Assessors Office 1997/98 - 2007/08 Combined Tax Rolls

Note: Exempt values are not included in Total.

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

Schedule 6
City of American Canyon
Direct and Overlapping Property Tax Rates
For The Last ten Fiscal Years
(Rates per \$100 of assessed value)

| City General Fund Direct Rates | | | | 10 Year Detail of Rates producing Revenue for the City | | | | | | | Total Direct Rate |
|--------------------------------|-----------------------------------|------------|------------------|--|--|--|--|--|--|--|-------------------|
| Roll Year | City Share of 1% levy per Prop 13 | Debt Rates | Total City Rates | | | | | | | | |
| 1998-1999 | 0.35396% | 0.0% | 0.35396% | | | | | | | | 0.32817% |
| 1999-2000 | 0.35396% | 0.0% | 0.35396% | | | | | | | | 0.32843% |
| 2000-2001 | 0.35396% | 0.0% | 0.35396% | | | | | | | | 0.32333% |
| 2001-2002 | 0.35396% | 0.0% | 0.35396% | | | | | | | | 0.31952% |
| 2002-2003 | 0.35396% | 0.0% | 0.35396% | | | | | | | | 0.31972% |
| 2003-2004 | 0.35396% | 0.0% | 0.35396% | | | | | | | | 0.31339% |
| 2004-2005 | 0.35396% | 0.0% | 0.35396% | | | | | | | | 0.30318% |
| 2005-2006 | 0.35396% | 0.0% | 0.35396% | | | | | | | | 0.30143% |
| 2006-2007 | 0.35396% | 0.0% | 0.35396% | | | | | | | | 0.28917% |
| 2007-2008 | 0.35396% | 0.0% | 0.35396% | | | | | | | | 0.28505% |

| 10 Year Detail of all Taxpayer Rates for Largest General Fund Tax Rate Area 005-007 (direct rate agencies in bold) | | | | | | | | | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Agency | 1998-1999 | 1999-2000 | 2000-2001 | 2001-2002 | 2002-2003 | 2003-2004 | 2004-2005 | 2005-2006 | 2006-2007 | 2007-2008 |
| City of American Canyon | 0.354 |
| American Canyon Fire Prot District | 0.229 | 0.229 | 0.229 | 0.229 | 0.229 | 0.229 | 0.229 | 0.229 | 0.229 | 0.229 |
| Bay Area Air Quality | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 |
| Fire Non-Structural | 0.006 | 0.006 | 0.006 | 0.006 | 0.006 | 0.006 | 0.006 | 0.006 | 0.006 | 0.007 |
| Library County | 0.018 | 0.018 | 0.018 | 0.018 | 0.018 | 0.018 | 0.018 | 0.018 | 0.018 | 0.018 |
| Mosquito Abatement | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.002 | 0.003 |
| Napa Valley Community College | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 | 0.050 |
| Napa Valley School District | 0.320 | 0.320 | 0.320 | 0.320 | 0.320 | 0.320 | 0.320 | 0.320 | 0.320 | 0.320 |
| Resource Conservation | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 |
| Supt of Schools Napa | 0.018 | 0.018 | 0.018 | 0.018 | 0.018 | 0.018 | 0.018 | 0.018 | 0.018 | 0.018 |
| Total Prop 13 Rate | 1.000 |
| Napa College 2003 Bd Series B | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.015 | 0.013 | 0.004 |
| Napa College 2003 Bond | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.022 | 0.022 | 0.000 | 0.000 | 0.000 |
| Napa College 2005 Rf/Bd | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.019 | 0.006 | 0.007 |
| Napa Valley Unified School District | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.010 | 0.015 |
| NVUSD 1996 Bond A | 0.013 | 0.012 | 0.012 | 0.002 | 0.002 | 0.002 | 0.001 | 0.000 | 0.000 | 0.000 |
| NVUSD 1996 Bond B | 0.000 | 0.000 | 0.000 | 0.002 | 0.002 | 0.002 | 0.002 | 0.000 | 0.000 | 0.000 |
| NVUSD 1996 Bond C | 0.000 | 0.000 | 0.000 | 0.003 | 0.003 | 0.002 | 0.002 | 0.002 | 0.002 | 0.000 |
| NVUSD 1996 Bond D | 0.000 | 0.000 | 0.000 | 0.003 | 0.002 | 0.002 | 0.002 | 0.002 | 0.001 | 0.000 |
| NVUSD 1996 Bond E | 0.000 | 0.000 | 0.000 | 0.003 | 0.003 | 0.002 | 0.002 | 0.002 | 0.001 | 0.000 |
| NVUSD 2002 Series B | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.015 | 0.016 | 0.004 |
| NVUSD 2003 Bond | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.043 | 0.035 | 0.011 | 0.008 | 0.009 |
| NVUSD 96/04 Rf/Bd | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.007 | 0.003 | 0.003 |
| Total Voter Approved Rate | 0.013 | 0.012 | 0.012 | 0.013 | 0.012 | 0.075 | 0.066 | 0.070 | 0.059 | 0.042 |
| Total Tax Rate | 1.013 | 1.012 | 1.012 | 1.013 | 1.012 | 1.075 | 1.066 | 1.070 | 1.059 | 1.042 |

Source: Napa County Assessors Office 1997/98 - 2006/07 Tax Rate Table

Note: General Fund tax rates are representative and based upon the direct and overlapping rates for the largest General Fund tax rate area (TRA) by net taxable value. Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information. The percentages presented in the columns above do not sum across rows. RDA rate is based on the largest RDA tax rate area (TRA) and includes only rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values.

Schedule 7
City of American Canyon
Top Ten Property Taxpayers

| Owner | Secured | | | Unsecured | | | Combined | | Primary Use & Primary Agency |
|------------------------------------|------------|------------------------|-----------------|-----------|----------------------|-----------------|------------------------|-----------------|--------------------------------|
| | Parcels | Revenue | Portion of City | Parcels | Revenue | Portion of City | Value | Portion of City | |
| 1) 5500 Eucalyptus Dr Apt Invstmnt | 1 | \$ 108,043.47 | 1.66% | | | | \$ 108,043.47 | 1.57% | Residential TAX DISTRICT #1 |
| 2) SDG Commerce 201 LLC | 4 | \$ 83,928.07 | 1.29% | | | | \$ 83,928.07 | 1.22% | Industrial TAX DISTRICT #1 |
| 3) Sutter Home Winery Inc. | 2 | \$ 80,640.82 | 1.24% | | | | \$ 80,640.82 | 1.17% | Industrial TAX DISTRICT #1 |
| 4) Butterfly Effect Hotels LLC | 2 | \$ 76,673.05 | 1.17% | | | | \$ 76,673.05 | 1.11% | Commercial TAX DISTRICT #1 |
| 5) American Beverages | | | | 1 | \$ 65,988.95 | 18.53% | \$ 65,988.95 | 0.96% | Unsecured TAX DISTRICT #1 |
| 6) 125 Mezzetta Court Inc. | 1 | \$ 58,233.25 | 0.89% | | | | \$ 58,233.25 | 0.85% | Industrial TAX DISTRICT #1 |
| 7) Pokka USA Inc. | 1 | \$ 57,264.22 | 0.88% | | | | \$ 57,264.22 | 0.83% | Industrial TAX DISTRICT #1 |
| 8) Barry Callebaut USA LLC | | | | 1 | \$ 46,752.08 | 13.13% | \$ 46,752.08 | 0.68% | Unsecured TAX DISTRICT #1 |
| 9) American Plaza II LLC | 3 | \$ 43,320.23 | 0.66% | | | | \$ 43,320.23 | 0.63% | Commercial TAX DISTRICT #1 |
| 10) LBL DUC II Scally Ranch LLC | 265 | \$ 43,184.81 | 0.66% | | | | \$ 43,184.81 | 0.63% | Residential TAX DISTRICT #1 |
| Top Ten Totals | 279 | \$ 551,287.92 | 8.45% | 2 | \$ 112,741.03 | 31.66% | \$ 664,028.95 | 9.65% | |
| City Totals | | \$ 6,526,852.65 | | | \$ 356,126.65 | | \$ 6,882,979.30 | | |

Source: HDL Coren & Cone, Napa County Assessors Office 2007/08 Combined Tax Rolls

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.

**Schedule 8
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 |
| 1999 | 2,494,194 | 2,494,194 | 100% |
| 2000 | 2,737,294 | 2,737,294 | 100% |
| 2001 | 3,141,725 | 3,141,725 | 100% |
| 2002 | 3,542,245 | 3,542,245 | 100% |
| 2003 | 4,673,526 | 4,673,526 | 100% |
| 2004 | 5,676,573 | 5,676,573 | 100% |
| 2005 | 6,733,737 | 6,733,737 | 100% |
| 2006 | 8,499,909 | 8,499,909 | 100% |
| 2007 | 9,356,579 | 9,356,579 | 100% |
| 2008 | 10,673,890 | 10,673,890 | 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 9
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 | | | |
| 1999 | - | 4,160 | - | - | 8,957 | 2,815 | 15,932 | 5.36% | 1,729 |
| 2000 | - | 4,070 | - | - | 8,599 | 2,553 | 15,222 | 4.75% | 1,624 |
| 2001 | - | 3,975 | - | - | 8,282 | 7,026 | 19,283 | 5.20% | 1,973 |
| 2002 | - | 3,875 | 6,935 | - | 7,936 | 11,386 | 30,132 | 7.04% | 2,674 |
| 2003 | - | 4,030 | 6,880 | - | 7,614 | 11,801 | 30,325 | 6.41% | 2,459 |
| 2004 | - | 3,875 | 6,780 | - | 7,269 | 11,357 | 29,281 | 5.80% | 2,226 |
| 2005 | - | 3,710 | - | 666 | 6,910 | 10,906 | 22,192 | 5.04% | 2,051 |
| 2006 | - | 3,545 | - | 501 | 6,486 | 10,443 | 20,975 | 7.28% | 3,111 |
| 2007 | - | 3,380 | - | 6,695 | 6,035 | 11,991 | 28,101 | 7.74% | 3,321 |
| 2008 | - | 3,205 | - | 6,695 | 5,776 | 11,545 | 27,221 | 3.29% | 1,671 |

Schedule 10
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 | | |
| 1999 | - | 4,160,000 | 4,160,000 | 0.91% | 451.34 |
| 2000 | - | 4,070,000 | 4,070,000 | 0.83% | 434.13 |
| 2001 | - | 3,975,000 | 3,975,000 | 0.69% | 406.69 |
| 2002 | - | 3,875,000 | 3,875,000 | 0.58% | 343.83 |
| 2003 | - | 4,030,000 | 4,030,000 | 0.44% | 326.82 |
| 2004 | - | 3,875,000 | 3,875,000 | 0.33% | 294.54 |
| 2005 | - | 3,710,000 | 3,710,000 | 0.26% | 259.33 |
| 2006 | - | 3,545,000 | 3,545,000 | 0.20% | 236.95 |
| 2007 | - | 3,380,000 | 3,380,000 | 0.20% | 210.84 |
| 2008 | - | 3,205,000 | 3,205,000 | 0.13% | 199.93 |

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.

Schedule 11
City of American Canyon
Direct and Overlapping Governmental Activities Debt
As of June 30, 2008

| <u>Governmental Unit</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</u> |
|---|-------------------------|--|--|
| Debt repaid with property taxes: | | | |
| Napa Valley Community College District | \$ 127,419,288 | 9.651% | \$ 12,188,929 |
| Napa Valley Unified School District | 194,130,000 | 13.790% | 26,770,527 |
| City of American Canyon 1915 Act Bonds | 24,640,000 | 100.000% | 24,640,000 |
| Other debt: | | | |
| Napa County Certificates of Participation | 38,005,000 | 9.651% | 3,667,863 |
| Napa County Board of Education Certificate of Participation | 3,665,000 | 9.651% | <u>353,709</u> |
| Subtotal overlapping debt | | | 67,621,028 |
| City of American Canyon General Fund Obligation | | | <u>3,205,000</u> |
| Total Direct and Overlapping General Fund Debt | | | <u><u>\$ 70,826,028</u></u> |

Schedule 12
City of American Canyon
Legal Debt Margin Information
Last Ten Fiscal Years

| Fiscal Year | Debt Limit | Total Debt Applicable To Limit | Total Debt Applicable To Limit as Percentage of Debt Limit |
|-------------|-------------|--------------------------------|--|
| 1999 | 68,534,657 | - | 0% |
| 2000 | 73,169,622 | - | 0% |
| 2001 | 85,850,977 | - | 0% |
| 2002 | 99,253,418 | - | 0% |
| 2003 | 137,600,489 | - | 0% |
| 2004 | 171,033,503 | - | 0% |
| 2005 | 214,868,550 | - | 0% |
| 2006 | 265,533,042 | - | 0% |
| 2007 | 315,598,654 | - | 0% |
| 2008 | 90,604,707 | - | 0% |

Legal Debt Margin Calculation for Fiscal Year 2008

| | |
|----------------------------------|------------------|
| Assessed value | \$ 2,416,125,517 |
| Debt Margin Ratio ⁽¹⁾ | 90,604,707 |
| Less debt applicable to limit: | |
| General obligation bonds | - |
| Total debt applicable to limit | 90,604,707 |
| Legal debt margin | \$ 90,604,707 |

⁽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%).

**Schedule 13
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 |
| 1999 | - | - | - | - | - |
| 2000 | - | - | - | - | - |
| 2001 | - | - | - | - | - |
| 2002 | 508,941 | - | - | 238,689 | 2.13 |
| 2003 | 509,449 | - | 55,000 | 417,613 | 1.08 |
| 2004 | 501,326 | - | 100,000 | 423,350 | 0.96 |
| 2005 | 499,733 | - | 105,000 | 256,240 | 1.38 |
| 2006 | 484,100 | - | 90,000 | 311,338 | 1.21 |
| 2007 | 465,854 | - | 165,000 | 308,581 | 0.98 |
| 2008 | 464,890 | - | 170,000 | 304,600 | 0.98 |

State of California Water Loan

| | Water Service Revenues | Capital Impact Fees | Less Operating Expenses | Net Available Revenue | Debt Service | | |
|------|------------------------|---------------------|-------------------------|-----------------------|--------------|----------|----------|
| | | | | | Principal | Interest | Coverage |
| 1999 | 2,152,615 | 609,218 | 967,291 | 1,794,542 | 40,439 | 42,732 | 21.58 |
| 2000 | 2,692,059 | 668,869 | 1,239,907 | 2,121,021 | 52,514 | 41,759 | 22.50 |
| 2001 | 3,033,045 | 2,918,467 | 1,922,282 | 4,029,230 | 52,514 | 40,759 | 22.74 |
| 2002 | 3,298,767 | 2,444,907 | 1,955,408 | 3,788,266 | 46,461 | 39,734 | 43.95 |
| 2003 | 3,120,778 | 1,112,053 | 2,015,017 | 2,217,814 | 54,564 | 38,684 | 23.78 |
| 2004 | 3,676,016 | 2,051,915 | 2,691,466 | 3,036,465 | 55,552 | 37,606 | 32.59 |
| 2005 | 3,514,930 | 2,135,971 | 2,681,338 | 2,969,563 | 56,614 | 36,504 | 31.89 |
| 2006 | 3,602,305 | 2,321,468 | 3,277,499 | 2,646,274 | 57,844 | 35,376 | 28.39 |
| 2007 | 3,901,103 | 774,625 | 3,404,570 | 1,271,158 | 58,938 | 34,236 | 13.64 |
| 2008 | 4,160,383 | 1,567,463 | 5,341,105 | 386,741 | 48,620 | 33,042 | 4.74 |

State of California Wastewater Construction Loan

| | Wastewater Service Revenues | Capital Impact Fees | Less Operating Expenses | Net Available Revenue | Debt Service | | |
|------|-----------------------------|---------------------|-------------------------|-----------------------|--------------|----------|----------|
| | | | | | Principal | Interest | Coverage |
| 1999 | - | - | - | - | - | - | - |
| 2000 | - | - | - | - | - | - | - |
| 2001 | - | - | - | - | - | - | - |
| 2002 | - | - | - | - | - | - | - |
| 2003 | 2,126,846 | 1,274,778 | 1,625,389 | 1,776,235 | - | 252,173 | 7.04 |
| 2004 | 2,109,236 | 3,054,972 | 1,925,889 | 3,238,319 | 388,377 | 265,554 | 4.95 |
| 2005 | 2,330,231 | 5,418,862 | 2,683,153 | 5,065,940 | 394,181 | 259,752 | 7.75 |
| 2006 | 2,751,242 | 3,594,248 | 2,566,867 | 3,778,623 | 404,821 | 249,110 | 5.78 |
| 2007 | 2,901,495 | 1,059,655 | 2,273,227 | 1,687,923 | 415,752 | 238,179 | 2.58 |
| 2008 | 3,157,260 | 1,367,414 | 2,943,791 | 1,580,883 | 426,977 | 226,954 | 2.42 |

Note: Water and wastewater revenues include operating revenues, interest revenues, and capital impact fees. Data for wastewater shown in fiscal 2003 and thereafter when proceeds of State of California construction loan first where drawn down. Operating expenses exclude depreciation and amortization

Schedule 14
City of American Canyon
Demographic and Economic Statistics
For The Last ten Fiscal Years

| <u>Fiscal Year</u> | <u>Population</u> | <u>Personal Income</u> | <u>Per Capita Personal Income</u> | <u>Unemployment Rate</u> |
|--------------------|-------------------|------------------------|-----------------------------------|--------------------------|
| 1999 | 9,217 | 297,119,212 | 32,236 | 3.20% |
| 2000 | 9,375 | 320,653,125 | 34,203 | 2.60% |
| 2001 | 9,774 | 370,708,272 | 37,928 | 2.50% |
| 2002 | 11,270 | 427,865,550 | 37,965 | 2.60% |
| 2003 | 12,331 | 473,029,491 | 38,361 | 3.40% |
| 2004 | 13,156 | 504,558,912 | 38,352 | 3.70% |
| 2005 | 14,306 | 581,767,796 | 40,666 | 4.10% |
| 2006 | 14,961 | 639,133,920 | 42,720 | 6.70% |
| 2007 | 15,925 | 756,294,175 | 47,491 | 6.70% |
| 2008 | 16,293 | 827,961,381 | 50,817 | 9.00% |

Schedule 15
City of American Canyon
Principal Employers (Ten Largest)
Last Fiscal Year

Fiscal Year ended June 30, 2008

| Owner | Number Employees | Rank | Percentage of Total City Employment |
|--------------------------------------|---------------------|------|---|
| Walmart | 513 | 1 | 10.47% |
| G.L. Mezzetta, Inc. | 195 | 2 | 3.98% |
| American Canyon Beverages | 175 | 3 | 3.57% |
| Safeway | 120 | 4 | 2.45% |
| City of American Canyon | 74 | 5 | 1.51% |
| Adobe Lumber Company | 59 | 6 | 1.20% |
| Sutter Home Trinchero Estates Winery | 55 | 6 | 1.12% |
| Barry Callebaut | 50 | 7 | 1.02% |
| Culligan | 45 | 8 | 0.92% |
| Diablo Timber | 33 | 9 | 0.67% |
| All Bay Mill & Lumber Co. | 30 | 10 | 0.61% |

Schedule 16
City of American Canyon
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Full-Time Equivalent Employees as of June 30

| Function/Program | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| General government: | | | | | | | | | | |
| City Council | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| City Manager | 1.05 | 1.20 | 1.20 | 1.20 | 2.50 | 2.00 | 2.10 | 2.10 | 2.10 | 2.10 |
| City Clerk | 1.50 | 1.40 | 1.40 | 2.40 | 1.70 | 1.70 | 1.70 | 1.40 | 1.40 | 1.40 |
| Human Resources | | | | | | | | | 1.50 | 2.00 |
| Support Services | 7.25 | 7.10 | 7.10 | 7.10 | 8.60 | 9.20 | 10.00 | 10.30 | 9.80 | 8.30 |
| Building & Equipment Maintenance | | | 1.00 | 1.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.05 |
| Public safety: | | | | | | | | | | |
| Fire | | | | | | | | 1.00 | 0.30 | 1.30 |
| Police | | | | | 1.00 | 1.00 | 1.00 | 2.00 | 2.70 | 2.70 |
| Planning: | | | | | | | | | | |
| Planning | 2.05 | 1.90 | 1.90 | 1.60 | 1.00 | 1.00 | 1.00 | 2.00 | 2.00 | 2.20 |
| Building and safety | 1.55 | 2.80 | 2.80 | 4.80 | 6.50 | 6.50 | 6.50 | 6.50 | 6.50 | 8.00 |
| Economic Development | 0.55 | 0.55 | 0.60 | 0.60 | 0.40 | 0.30 | 0.40 | 0.70 | 0.40 | 0.40 |
| Housing Services | | | | 0.30 | 0.30 | 0.30 | 0.30 | 0.00 | 0.30 | 0.60 |
| Public works: | | | | | | | | | | |
| Administration | | | | | | | | | | 4.00 |
| Engineering | 2.15 | 2.15 | 2.00 | 3.00 | 3.00 | 4.27 | 2.80 | 2.80 | 2.80 | 1.65 |
| Streets & Roads | 2.60 | 2.60 | 3.00 | 4.05 | 2.55 | 3.72 | 4.70 | 4.70 | 4.70 | 5.85 |
| Storm Drain | 0.40 | 0.40 | 0.50 | 0.50 | 0.50 | 0.50 | 1.30 | 1.30 | 1.30 | 1.95 |
| Parks and Recreations | | | | | | | | | | |
| Parks | 3.15 | 3.15 | 4.40 | 5.25 | 5.15 | 6.31 | 6.55 | 6.55 | 6.55 | 5.95 |
| Recreation | 2.70 | 2.70 | 3.80 | 3.80 | 3.70 | 3.70 | 4.70 | 4.70 | 4.70 | 5.60 |
| Transit | 1.20 | 1.20 | 1.20 | 1.20 | 1.30 | 1.30 | 1.40 | 1.40 | 1.30 | 0.00 |
| Water: | | | | | | | | | | |
| Treatment and Distribution | 6.75 | 6.75 | 7.00 | 8.50 | 7.80 | 8.60 | 10.20 | 10.20 | 10.20 | 9.75 |
| Wastewater: | | | | | | | | | | |
| Collection and Treatment | 3.10 | 4.10 | 4.10 | 5.70 | 10.00 | 8.55 | 8.30 | 8.30 | 8.40 | 9.85 |
| Storm Water Quality | | | | | | 0.05 | 1.05 | 1.05 | 1.05 | 0.35 |
| Totals | <u>41.00</u> | <u>43.00</u> | <u>47.00</u> | <u>56.00</u> | <u>63.00</u> | <u>66.00</u> | <u>71.00</u> | <u>74.00</u> | <u>75.00</u> | <u>81.00</u> |

Schedule 17
City of American Canyon
Operating Indicators by Function/Program
Last Ten Fiscal Years

| | Fiscal Year | | | | | | | | | |
|--|-------------|-------|-------|-------|--------|--------|--------|--------|--------|--------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Police: | | | | | | | | | | |
| Physical arrest | 325 | 338 | 352 | 449 | 515 | 620 | 429 | 695 | 446 | 520 |
| Traffic violations | 1,060 | 1,077 | 695 | 993 | 936 | 1,861 | 1,162 | 2,377 | 1,557 | 2,035 |
| Fire: | | | | | | | | | | |
| Emergency responses | 1,033 | 1,068 | 1,097 | 1,119 | 1,159 | 1,237 | 1,249 | 1,240 | 1,266 | 1,320 |
| Structure Fires | 23 | 17 | 20 | 27 | 43 | 45 | 27 | 25 | 17 | 29 |
| Fire Loss (Thousand \$) | 187 | 260 | 100 | 125 | 163 | 534 | 219 | 455 | 825 | 400 |
| Fire Engines | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 8 | 8 | 8 |
| Inspections | 170 | 183 | 190 | 210 | 220 | 230 | 250 | 264 | 374 | 171 |
| Construction Inspection | 700 | 500 | 800 | 800 | 987 | 700 | 850 | 800 | 135 | 120 |
| Planning: | | | | | | | | | | |
| Building permits issued | 38 | 87 | 542 | 362 | 312 | 440 | 208 | 226 | 273 | 375 |
| Public works: | | | | | | | | | | |
| Miles streets resurfaced | 2.17 | 1.42 | - | 1.61 | - | - | - | - | - | 1.56 |
| Parks: | | | | | | | | | | |
| Community events held | 13 | 14 | 15 | 15 | 16 | 16 | 17 | 17 | 17 | 19 |
| Swimming pool admissions | 4,216 | 7,028 | 7,398 | 8,578 | 11,185 | 16,197 | 18,376 | 21,005 | 21,000 | 20,000 |
| Water: | | | | | | | | | | |
| Number of new services | 231 | 233 | 533 | 426 | 64 | 455 | 221 | 244 | 155 | 233 |
| Daily average water production in MGD | 1.82 | 1.90 | 2.04 | 2.35 | 2.52 | 3.06 | 3.05 | 3.12 | 3.12 | 3.53 |
| Daily average water consumption in MGD | 1.60 | 2.07 | 2.03 | 2.30 | 2.50 | 2.54 | 2.55 | 3.93 | 3.93 | 4.06 |
| Wastewater: | | | | | | | | | | |
| Number of new services | 239 | 27 | 109 | 647 | 320 | 374 | 276 | 169 | 176 | 105 |
| Daily average treatment in millions gallons(MGD) | 1.17 | 1.00 | 0.98 | 1.20 | 1.10 | 1.77 | 1.46 | 2.50 | 2.50 | 1.60 |

Schedule 18
City of American Canyon
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

| Function/Program | Fiscal Year | | | | | | | | | |
|---|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 4 | 4 | 6 | 8 | 12 | 12 | 12 | 12 | 12 | 12 |
| Fire | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 |
| Engines | 6 | 7 | 7 | 7 | 7 | 7 | 8 | 8 | 8 | 8 |
| Public works: | | | | | | | | | | |
| Miles of streets | 2 | 2 | 2 | 2 | 2 | 3 | 5 | 5 | 5 | 5 |
| Streetlights | 345 | 345 | 345 | 345 | 345 | 397 | 683 | 969 | 1,062 | 1,233 |
| Traffic signals | 2 | 2 | 2 | 3 | 3 | 3 | 3 | 3 | 4 | 4 |
| Parks and recreation: | | | | | | | | | | |
| Community centers | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Parks | 14 | 12 | 12 | 15 | 15 | 15 | 15 | 18 | 20 | 22 |
| Park acreage | 38 | 39 | 39 | 52 | 52 | 52 | 70 | 83 | 88 | 95 |
| Water: | | | | | | | | | | |
| Miles of mains | 4 | 4 | 7 | 7 | 5 | 5 | 5 | 5 | 5 | 7 |
| Number of services billed | 2,583 | 2,816 | 3,349 | 3,775 | 3,839 | 4,294 | 4,515 | 4,759 | 4,914 | 5,147 |
| Maximum plant capacity in millions gallons | 2.59 | 2.25 | 2.59 | 2.60 | 2.60 | 2.60 | 2.60 | 5.50 | 5.50 | 5.50 |
| Wastewater: | | | | | | | | | | |
| Miles of sewers | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Number of services billed | 2,464 | 2,491 | 2,600 | 3,247 | 3,567 | 3,941 | 4,217 | 4,386 | 4,562 | 4,667 |
| Maximum plant capacity in millions gallons | 4.50 | 4.50 | 4.50 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |

STANDARD
CONTRACT FOR THE SALE OF
REAL ESTATE
REVISION 10/1/00

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