CITY OF AMERICAN CANYON

AND

AMERICAN CANYON FIRE PROTECTION DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR 2010-2011

Main Street Park

American Canyon, California

www.cityofamericancanyon.org

American Canyon, California

Napa County

City of American Canyon

Prepared by the Finance Department

Introductory Section

Newell Preserve

CITY OF AMERICAN CANYON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

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CITY OF AMERICAN CANYON

Napa Valley's New Destination

December 17, 2011

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, 2011. These financial statements were 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 been 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. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE CITY AND ITS OPERATIONS

Incorporated on January 1, 1992, the City of American Canyon is the second largest city in Napa County. The City's population is now 19,693 as of January 1, 2011, 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, 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 members are elected on a non-partisan basis.

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

The recession has been over for two years but it's been a slow recovery with continuing high unemployment during the past year. The economy has not been as strong as hoped for and the City continues to try to find ways to facilitate a local recovery. The City's consultants project flat retail sales and a slow recovery of property values. These two revenues, at over 60% of the total general fund revenues, are critical to supporting

the cost of essential services provided by the City. The City's share of property taxes rebounded from $7.13 million the prior year to $7.43 million in fiscal year 2010-11. This is a positive sign but substantially less than the $8.5 million received in fiscal years 2007-08 and 2008-09. The City receives a 1% share of retail sales taxes which at $1.96 million, increased about 2% over the prior year. On a much more positive note, Transient Occupancy Tax revenues increased 19% to $663 thousand in fiscal year 2010-11 after increasing 21% the prior year. TOT revenues are a leading local economic indicator so that was good news. The City is receiving the benefit of marketing efforts provided by the Countywide Napa Valley Tourism Improvement District.

In response to the "Great Recession" the City Council approved a comprehensive General Fund 36 month deficit elimination plan which formally began in fiscal year 2010-11. The plan included two revenue enhancements which were voter approved. The City's Transient Occupancy Tax (TOT) rate was increased 2% to 12% and a $2 per person admission tax to the City's card room was effective beginning in January 2011. The TOT revenue has been realized but the card room has not paid the tax to-date. During the past year, the City continued to work on eliminating its General Fund structural deficit. Expenses were reduced using the hiring freeze, closing City Hall during 15 days of unpaid furloughs, suspending cost of living increases and eliminating or downsizing most city sponsored special events.

The housing sector continued its sluggish behavior of prior years. In past years, the housing industry provided jobs to construction trade workers, building material sellers, realtors and mortgage related workers and had a very positive impact on the local economy. Many of those workers have been unemployed contributing to the City's unemployment rate of 13.5% for calendar year 2011 as reported by the U.S. Bureau of Economic Analysis.

The recession has ended and economic conditions are slowly improving. Economists predictions have changed little from the past. They assert that the economy is slowly getting better and that the housing market will remain weak through 2012 with a slow recovery. The City's 36 month deficit elimination plan is on track.

MAJOR INITIATIVES

Capital Improvement Program

The City's capital improvement program is a long-range program for major municipal construction projects. Key projects completed include:

- ✓ Construction of the Watson Lane Water Pipeline Project: This project consisted of abandonment of 1,750 linear feet of an existing 2-inch waterline and construction of 2,275 linear feet of new 12-inch water pipeline, along with new

valves, service connections, fire hydrants and associated appurtenances. It also included a jack-and-bore operation at a railroad crossing.

- ✓ West American Canyon Road Rehabilitation Project from SR 29 to James Road and Danrose Drive: Construction was completed in the fall of 2011. This paving project made use of a paving technique called full-depth reclamation, in which existing asphalt is pulverized and mixed with cement, then used as a base for a new layer of asphalt. This method is more economical and faster than conventional paving, as well as being environmentally friendly. The project also included replacement of a water main valve, relocation of the existing median to accommodate an additional turn lane at the highway, and the addition of bike lanes on both sides of the street.

- ✓ Bus Shelter Project: This project provides for the purchase and installation of ten new bus shelters at various locations and is funded by a State Transit Assistance (STA) grant. Construction on the shelters was completed in December 2011. The new shelters were installed on concrete pads and will have canopies with solar-powered LED lighting, benches and trash cans. Nine of the shelters are upgrades to existing bus stops, and a new stop was added on Broadway opposite the Veterans Memorial Park. An existing bus shelter was relocated to make room for a larger structure at Community Park, and new sidewalk was constructed at three locations. The sidewalk work was funded from Gas Tax revenues.

Major projects in process include:

- ✓ Theresa Avenue Sidewalk Improvements: This project will fill in the gap between the Safe Route to Schools Project, Phase I, on Theresa Avenue and Napa Junction Elementary School. Design has been completed, and construction is anticipated during summer 2012.

- ✓ Napa Junction Elementary School Pedestrian Improvement Project: This project will eliminate conditions that force pedestrians to walk along an unpaved shoulder and will provide safe, all-weather access from American Canyon City Hall to Napa Junction Elementary School. Curb and gutter will be installed to ensure adequate drainage and protection of the roadway structural section, along with new crosswalks and curb ramps. Design will be completed this year, with construction slated for summer 2013.

- ✓ Broadway South Roadway Project: This project will finish the improvements along Veterans Memorial Park on the west side of Broadway, including curb and gutter, sidewalk, a multi-use bike and pedestrian path (the Vine Trail) and bridge over American Canyon Creek. It will also complete the street rehabilitation from the creek to Montevino Drive. Design will be completed this year; construction is anticipated in fall 2012.

Water Supply

At the end of FY 2010-11, the draft 2010 Urban Water Management Plan (UWMP) update was submitted to the Blue Ribbon Committee on Water Resources and adopted by the City Council in the fall of 2011. The UWMP serves as a long-range planning document for water supply and as a source document for preparing updates to the General Plan. It will also lay the groundwork for water facilities planning. With adoption of the updated UWMP, the City will have a long-range, comprehensive plan for meeting the needs of our water service area.

The City receives its raw water supply through the North Bay Aqueduct, part of the State Water Project (SWP). The drought conditions in the state over the past few years have required the SWP to materially decrease the City's water allocation. However, the drought has eased somewhat. With last year's Sierra snowpack totals and the current reservoir storage levels, the SWP estimates that our FY 2011-12 allocations will be 60% of our full allotment. The City has a contract with the City of Vallejo for additional potable water supplies if needed, and the City continues to explore other options for acquiring additional water supplies.

Cash Resources and Practices

The City ended the fiscal year with cash and investments totaling $34.7 million with $23.4 million available for City operations. The City's investment's are in the State of California Local Agency Investment Fund, $18.8 million; Napa County Investment pool, $4.0 million; U.S. Treasury Notes and Federal Agency Securities, $7.7 million; Corporate Notes, $2.3 million and the remaining balance is in debt reserves and demand deposit accounts. 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

During fiscal year 2010-11, the City purchased 1.15 million gallons per day of additional water capacity from the City of Vallejo. The total financed was $2.78 million over four years with semi-annual payments. In accordance with the City's fiscal policy, the issuance of long term debt is limited to capital improvements or projects that cannot be financed from current revenues or resources. The City may issue general obligation bonds, revenue bonds, certificates of participation or anticipation notes. The payback period of the debt is limited to the estimated useful life of the capital project or improvement. All debt service payments were made as required during the fiscal year, and 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 full time employees. The City plans to fund each year's required contribution for its regular and public safety plans based on rates calculated by PERS after analyzing the city's workforce. With respect to retiree health care costs, the City's practice has been to pay the same premium for retired employees' health care as it does for active employees. The City plans to fund its annual required contribution (ARC) to the extent that resources are available based upon an actuary's analysis. The City and Fire District have entered into an irrevocable trust with PERS to fund retiree health benefits. Additional information about the City's pension plan is included in the notes to the financial statements and the required supplementary information section of this report.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of Finance Department staff. 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 K. Whitley, CPA
Finance Director

CITY OF AMERICAN CANYON

PRINCIPAL OFFICIALS

YEAR ENDED JUNE 30, 2011

CITY COUNCIL

Mayor ..... Leon Garcia

Vice Mayor..... Joan Bennett

Council Member ..... Cindy Coffey

Council Member ..... Mark Joseph

Council Member ..... Belia Ramos Bennett

ADMINISTRATIVE PERSONNEL

City Manager ..... Richard Ramirez

Police Chief ..... Jean Donaldson

Fire Chief ..... Glen Weeks

City Attorney ..... William Ross

City Clerk ..... Rebekah Barr

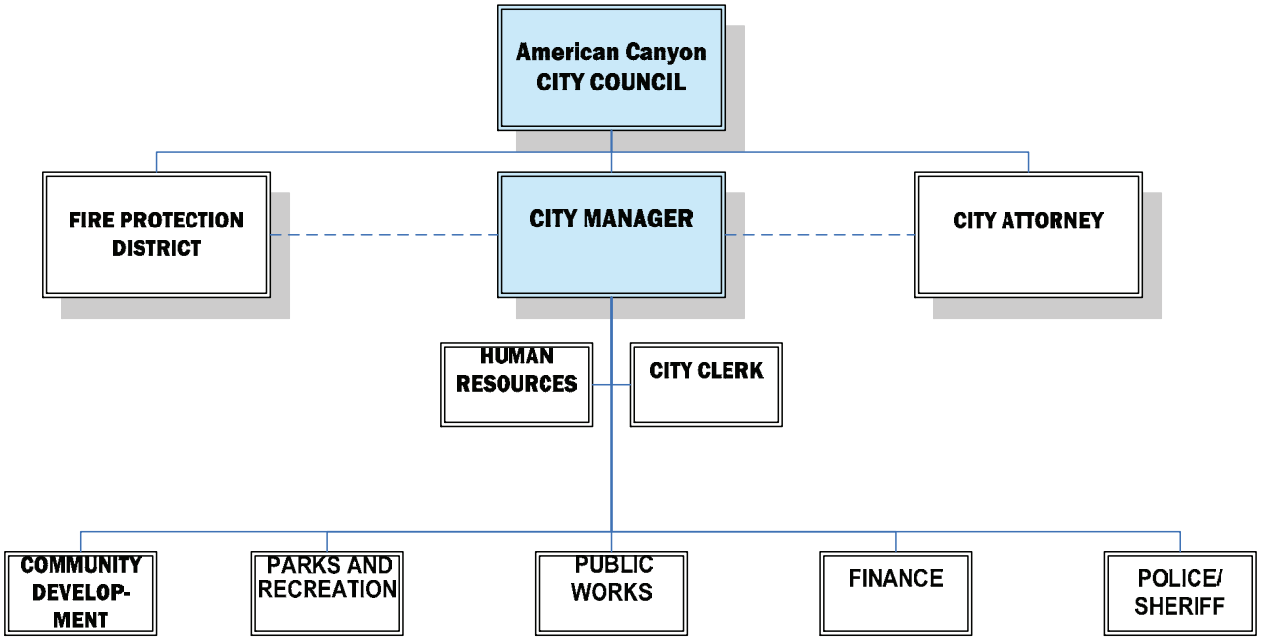
Finance Director/Treasurer ..... Barry Whitley

Public Works Director & Parks and Recreation Interim Director ..... Michael Throne

Community Services Director ..... Brent Cooper

Human Resources Director ..... Bronda Silva

City of American Canyon



Financial Section

Main Street Park

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INDEPENDENT AUDITOR'S REPORT ON
BASIC FINANCIAL STATEMENTS

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, 2011, 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. 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 basic financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of American Canyon, California as of June 30, 2011 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.

As discussed in Note 8, the City adopted the provision of Governmental Accounting Standards Board Statement Number 54 (GASB 54), Fund Balance Reporting and Governmental Fund Type Definitions, and restated certain fund balances as of July 1, 2010.

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

October 17, 2011

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, 2011. Please read it in conjunction with the City's audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net assets decreased by about $4.2 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 $346 million at the end of the 2011 fiscal year. Of that amount, $31.8 million (the unrestricted net assets) may be used to meet the City's ongoing obligations and operating expenses for the next fiscal year.

- Governmental Funds reported combined fund balances of $23 million at the end of June 30, 2011, an increase of $365 thousand in comparison to the 2010 fiscal year. Of these fund balances $2.9 million is nonspendable, $10.7 million is restricted, $2.7 million is assigned and $6.6 million is unassigned.

- Overall City-wide revenues from all governmental and business-type activities were $29.8 million, an increase of about $666 thousand compared to the 2010 fiscal year. This amount includes a $4.1 million from grants and capital contributions.

- The City's total expense of all programs in fiscal 2011 was $34 million, an increase of about $2.3 million compared to the 2010 fiscal year.

- The general fund reported a fund balance of $9.3 million at the end of the 2011 year compared to $10.3 million in 2010. The Fire District operations fund ended the 2011 year with a $3.7 million fund balance compared to $3.3 million in 2010.

- The City also ended the fiscal year with $12.8 million of available net assets in its proprietary enterprise funds which consists of restricted and unrestricted funds but excludes the investment in capital assets net of related debt. The City's other non-major governmental funds ended 2011 with about $8.3 million available for special purposes; primarily infrastructure and capital asset additions.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's *overall* financial status.

- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

  - The *governmental funds* statements tell how *general government* services like public safety, community development, parks and recreation, public works and streets were financed in the *short term* as well as what remains for future spending.

  - *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as the City's water and wastewater systems.

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

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

Figure A-1

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

		Fund Statements	
	Government-Wide Statements	**Governmental Funds**	**Proprietary Funds**
Scope	Entire City government	The activities of the City that are not proprietary or fiduciary, such as police, fire, streets. general government, and community services	Activities the City operates similar to private businesses: the water, wastewater, and transit systems
Required financial statements	• Statement of net assets • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net assets • Statement of revenues expenses, and changes in net assets • Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

Government-wide Statements

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

- 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, community development, parks and recreation, and public works. Property taxes, sales taxes, transient occupancy taxes, special and other taxes, user charges and fees and state, local and federal grants finance these activities.

  - *Business*-Type activities - The City charges fees to customers to help cover the costs of certain services. The City's water and wastewater enterprises are reported here.

Fund Financial Statements

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

- The City's major funds, including the *general 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 three kinds of funds:

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

- *Proprietary funds* – There are two different types of proprietary funds. Enterprise *funds* are used to report the same functions reported as business-type activities in the government-wide financial statements; the City's water, wastewater, and transit operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally. During the 2011 fiscal year, the City did not use internal service funds. Proprietary funds provide the same type of information as the government-wide statements, only in more detail. The proprietary fund statements provide separate information for the City's water and wastewater operations, both of which are considered to be major funds of the City.

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets. As summarized in Table A-1 below, the City's *combined* net assets decreased about $4.2 million between fiscal years 2010 and 2011.

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

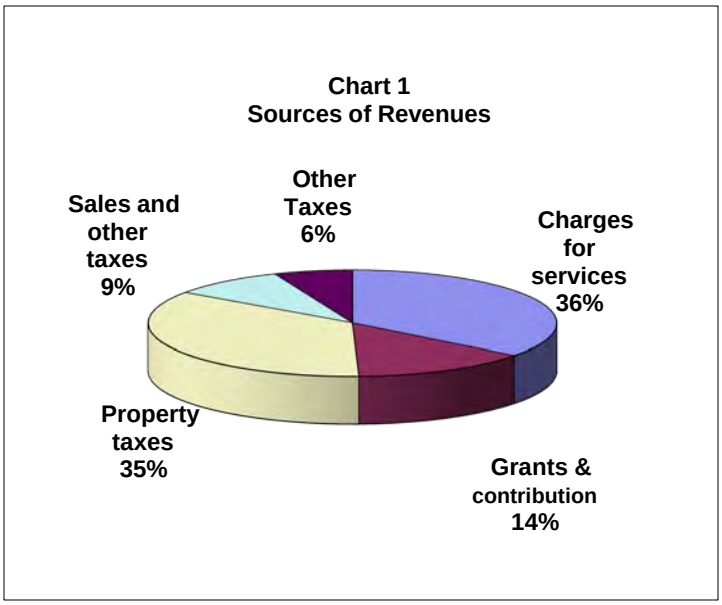
	Governmental Activities		*Business-Type Activities*		*Total*		*Total Percentage Change*
	2010	2011	2010	2011	2010	2011	2010-2011
Current and other assets	36.0	35.9	19.3	14.4	$ 55.4	$ 50.3	-9.1%
Capital assets	267.6	263.6	64.0	64.4	331.5	328.0	-1.1%
Total assets	**303.6**	**299.5**	**83.3**	**78.8**	**386.9**	**378.3**	**-2.2%**
Long-term debt outstanding	10.3	9.8	19.3	17.2	29.7	27.0	-8.9%
Other liabilities	3.4	2.9	2.8	1.5	6.2	4.5	-27.9%
Total liabilities	**13.7**	**12.7**	**22.1**	**18.7**	**35.9**	**31.5**	**-12.2%**
Net assets							
Invested in capital assets	257.3	253.7	47.2	47.2	306.1	301.0	-1.7%
Restricted	7.2	5.5	8.5	8.5	14.6	14.0	-4.0%
Unrestricted	25.3	27.4	4.4	4.4	30.3	31.8	4.9%
Total net assets	**289.8**	**286.7**	**60.1**	**60.1**	**$351.0**	**$346.8**	**-1.2%**

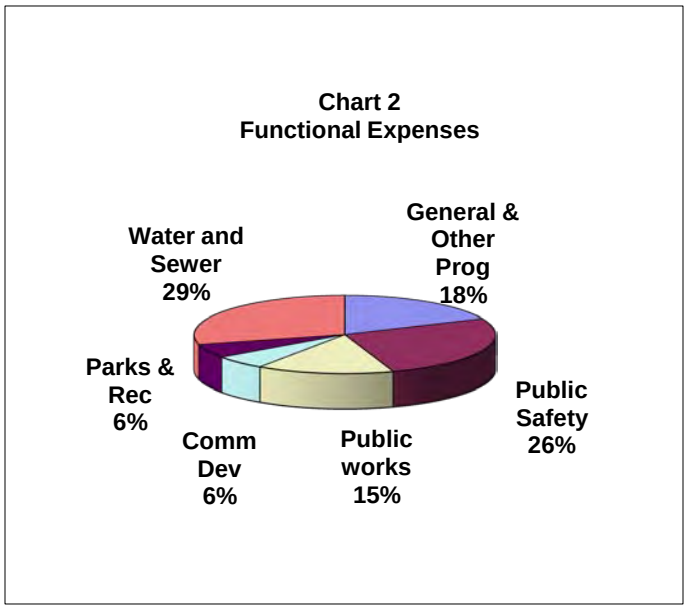
Net assets of the City's governmental and business-type activities decreased 1.2% to $346.8 million. About 87% of the City's net assets are invested in capital assets such as buildings, land, equipment and facilities. The remaining 13% is essentially represented by cash, investments and receivables. About 86% of the City's total liabilities are represented by long-term obligations including lease revenue bonds, capital leases, loans from the State of California, State Water Resource Control Board, City of Napa and City of Vallejo.

Changes in net assets The City's major sources of revenue and functional expenses are presented in charts 1 and 2. As summarized in Table A-2 on page 8, revenues for fiscal year 2010-11 totaled $29.8 million, a City-wide increase of about $666 thousand from prior year, mostly due to a transient

occupancy tax rate increase from 10% to 12%. Charges for services were up 6.2% chiefly due to the annual water rate increase. Overall grants and contributions were down 10.6% due to fewer projects being completed compared to last year. The business type activities were down 41% while the governmental activities were up 28% or $576 thousand due to receipt of grant funds for completed projects. The City's general revenues increased $543 thousand over the prior year. This was due to an increase of $348 thousand in property taxes as a result of a 2.3% increase in assessed values, a $182 thousand decrease in sales and other taxes, and a $377 thousand increase in other revenues. Moreover, the voters approved Measure E increasing the City's transient occupancy tax rate to 12% which was effective January 1, 2011. Transient occupancy taxes, including a new tourism assessment tax of $120 thousand, increased $226 thousand for the year.

The total cost of all programs and services in 2011 was about $34 million which paid for a wide range of services such as public safety, street maintenance, public works, parks and recreation programs, operation of the water and wastewater systems and support services operations. Major types of expenditures by function are shown in chart 2. As summarized in Table A-2, for fiscal year 2010-11, expenses increased 7.3% to $34 million. Governmental activities expenses increased by $983 thousand generally due to continuing work on capital improvement projects (CIP). Business type activities increased $1.3 million due to CIP Projects and a one-time adjustment to depreciation expense of $700 thousand.





The City's primary source of revenue was property taxes which totaled $10.5 million or 35% of total revenues for the year. About $9.8 million or 33% 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 2011, about $9 million, was incurred to provide police and fire protection services. These public safety expenditures accounted for 26% of the City's total 2011 operating expenses while the water and wastewater enterprises comprised 29% of total expenses. The public works and community development departments accounted for 21% of expenses while the remaining 24% was spent on parks and recreation programs and general City administration.

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
	2010	2011	2010	2011	2010	2011	2010-2011
Revenues							
Program Revenues							
Charges for services	2.5	2.3	7.4	8.3	9.9	10.6	6.2%
Grants and Contributions	2.1	2.6	2.6	1.5	4.7	4.1	-10.6%
General Revenues							
Property Taxes	10.1	10.5	0.0	0.0	10.1	10.5	3.4%
Sales and other taxes	4.0	2.7	0.0	0.0	4.0	2.7	-6.3%
Other	0.4	1.9	0.0	0.0	0.4	1.9	25.6%
Total revenues	**19.1**	**20.0**	**10.0**	**9.8**	**29.1**	**29.8**	**2.3%**
Expenses							
General Government	5.9	5.7	0.0	0.0	5.9	5.7	-3.1%
Public Safety	9.2	9.0	0.0	0.0	9.2	9.0	-2.5%
Public Works	3.5	5.0	0.0	0.0	3.5	5.0	41.7%
Community Development	2.0	1.9	0.0	0.0	2.0	1.9	-4.8%
Parks and Recreation	2.0	2.0	0.0	0.0	2.0	2.0	-3.2%
Water	0.0	0.0	4.9	6.0	5.0	6.0	21.6%
Wastewater	0.0	0.0	3.6	3.9	3.6	3.9	7.2%
Other	0.4	0.5	0.0	0.0	0.4	0.5	22.4%
Total expenses	**23.0**	**24.1**	**8.5**	**9.9**	**31.7**	**34.0**	**7.3%**
Excess (deficient) before Transfers	-3.9	-4.1	1.5	0.0	-2.6	-4.2	64.5%
Transfers	0.8	1.1	-0.8	-1.1	0.0	0.0	100.0%
Increase (decrease) in net assets	**-3.1**	**-3.0**	**0.7**	**-1.1**	**-2.6**	**-4.2**	**64.5%**
Nets Assets, beginning	**292.9**	**289.8**	**60.6**	**61.2**	**353.6**	**351**	
Net Assets, Ending	**289.8**	**286.8**	**61.3**	**60.1**	**351.0**	**346.8**	**-1.2%**

When all operations were concluded, governmental activities generated a $3.0 million decrease in net assets and business activities decreased $1.2 million for 2011.

City Program Costs

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

The cost of all programs this year was $34.0 million, compared to $31.7 million in fiscal year 2010; about a 7.3% increase for the year. For governmental activities, program costs increased $983 thousand or about 3% increase in overall program. Water and wastewater program costs increased $1.3 million or 4% in overall program.

Governmental Activities

The city's governmental program expenses totaled $24.1 million during the year. Program revenues, including grants, totaled $4.9 million leaving the City to fund the balance, $19.2 million. Program revenues and expenses increased $284 thousand and $983 thousand respectively over the prior year. The expense of governmental services was paid by those who directly benefited from or used the program(s), about $2.2 million while other governments and grantors paid $2.6 million to financially support the programs.

Business-Type Activities

The net assets for the City's business-type activities, consisting solely of water and wastewater, decreased by about $1 million over the prior fiscal year. In fiscal year 2011, revenues decreased about $161 thousand compared to the prior year or about 2%. Although water rates increased this year, the main reason for the small decrease was because grants and contributions decreased $1.1 million compared to last fiscal year. Water and Wastewater user charges were up $912 thousand. Water sales increased $751 thousand; a 19% increase compared to 2010 due to the water rate hike of 7% in January 2011 and increased sales throughout the year. The wastewater rate did not increase this fiscal year. As a result, sales increased a modest $160 thousand or 5% compared to 2010. Water and Wastewater connection fees decreased $1.1 million compared to FY 2010 due to fewer developer projects compared to the prior year.

Water expenses increased by $1.1 million, a 22% increase from FY 2010. Increases were due to updating the Urban Water Management Plan and the purchase of additional water from the City of Vallejo for American Canyon's new high school. Wastewater expenses increased $261 thousand, a 7% increase from the prior year. The increase is due to the addition of two Plant operator positions that were filled this fiscal year and for renewal of the National Pollutant Discharge Elimination System Permit that occurs every five years. The permit renewal process required additional consulting services, testing services and a software upgrade. Additional expenses were also realized for the Cyclic Air project to increase the energy efficiency of the daily plant operation.

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

	Total Cost of Services		Percentage Change
	2010	2011	2010 vs 2011
Public Safety	$ 9,231	$ 8,996	-2.5%
Public Works	3,529	5,001	41.7%
Parks and Recreation	2,020	1,962	-2.9%
Water	4,951	6,021	21.6%
Wastewater	3,624	3,886	7.2%
All Others	8,371	8,167	-2.4%
Total	$ 31,726	$ 34,033	7.3%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of $23 million, about $365 thousand more than the last fiscal year. The City's general fund had a deficiency of revenues over expenditures of about $2.7 million. After including interfund transfers, the deficiency was $1.1 million. The general fund revenues increased by $815 thousand or 6.9% compared to fiscal year 2010. Expenditures increased by only 3.4% or $498 thousand compared to last fiscal year. The fund balance of the Fire District's Operations fund increased by $351 thousand or 13% as a result of FY 2011 operations.

The City's non-major governmental funds ended the fiscal year with a consolidated fund balance of $8.3 million. Of this amount, $9 million is restricted with externally enforceable legal restrictions. Another $448 thousand is restricted to pay debt service expenses. The water and wastewater enterprises ended the year with $3.6 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, to account for unanticipated revenues, and to 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 $2.9 million less than final budget amounts. The largest expense in the general fund, police services, increased 11.3% from $4.7 million to $5.2 million in FY 2011 primarily due to an increase in the Napa County Sheriff law enforcement services contract. General Fund Expenses increased by 3.4% over the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2011, the City had invested $328 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 decrease, after additions and deductions, of about $3.5 million or 1.1 percent over last year. Additional information can be found in the notes to the financial statements.

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

	Governmental Activities		Business Type Activities		Total		Total Percentage Change
	2010	2011	2010	2011	2010	2011	2010-2011
Land	$ 6.8	6.8	1.6	1.6	8.4	$ 8.4	0.0%
Construction in Progress	31.4	2.0	6.3	2.5	37.7	4.5	-88.3%
Buildings & Improvements	16.1	45.3	4.5	4.0	20.6	49.3	139.0%
Machinery & Equipment	1.7	1.2	0.4	0.2	2.1	1.4	-31.0%
Water Utility System			25.0	31.0	25.0	31.0	24.1%
Wastewater Utility System			26.1	25.1	26.1	25.1	-3.9%
Infrastructure System	211.6	208.3			211.6	208.3	-1.5%
Total	**$ 267.6**	**263.6**	**63.9**	**64.4**	**331.5**	**$ 328.0**	**-1.1%**

Long - Term Debt

During fiscal year 2011, the City exercised an option to purchase additional water capacity, 1.15 million gallons a day, from the City of Vallejo. The City of American Canyon entered into a financing agreement with Vallejo to pay for the $2.7 million purchase. The agreement provides for semi-annual payments for over the four year term of $385,000 with a 6% annual interest rate. At the end of the year, there was about $24.7 million in long term debt obligations outstanding. Of this amount, about 37 percent relates solely to the City's governmental type activities and the remaining 63% is applicable to business type financing activities.

For business-type activities, about $5.2 million is capital lease type arrangements mostly applicable to the water system and the City's water rights; a $1.1 million state loan is for water system improvements; a $7.5 million state revolving loan was obtained for construction of the City's wastewater treatment plant facility constructed in 2003. The City has no bonded debt outstanding for its business-type activities.

For governmental type activities, the major long-term debt year end balances consists of $2.6 million of 2002 lease revenue bonds issued to refund 1997 bonds to construct the City gym and aquatic center; a $6.3 million capital lease to purchase a commercial office building and make improvements City Hall; and a $849 thousand capital lease for the purchase of the Broadway property adjacent to City Hall. The lease revenue bonds debt service is being paid from park impact monies. Additional information about the City's long-term obligations can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Great Recession came to an end over two years ago but most people agree that it doesn't feel like it. Recent domestic economic data indicates a slight improvement over the past year but a tenuous one at best. Experts generally agree that another recession is not probable and predict that slow growth will continue. The latest news is that consumers are spending a little more and borrowing is on the upswing and for the auto industry, which was hit hard, there are signs of growth. While unemployment data shows an improvement, it is not much. In December 2011, the Napa Valley Register reported an unadjusted State-wide unemployment rate of 10.9% compared to a national rate of 8.9%. While this sounds high, when put in perspective, it is good compared to the 12.5% State wide rate at the end of 2010. Housing prices appear to have stabilized along with the negative impacts on property taxes.

Locally, the economy is relatively flat which was expected. Growing the local economy is key to generating revenues to pay for services that American Canyon residents expect from the City and staff continues to promote economic development. There is a reported uptick in business interest in available commercial sites in American Canyon. Two key revenues have remained stable for fiscal year 2010-11; property taxes which were up about 2% while sales taxes remained flat. Transient occupancy taxes, a growing source of revenue for the City and often regarded as a leading economic indicator, have been doing better than expected. Even though Napa County's unemployment rate was 10.9% in December 2011, experts continue to be hopeful about the economic recovery.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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. 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.

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CITY OF AMERICAN CANYON
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments available for City operations (Note 3)	$19,796,559	$3,562,640	$23,359,199
Taxes receivable	660,694		660,694
Accounts receivable	265,004	1,686,354	1,951,358
Due from other governments	201,664		201,664
Accrued interest	105,202	9,487	114,689
Prepaid items	37,330	527,500	564,830
Restricted cash and investments held by fiscal agents (Note 3)	2,835,535	8,466,754	11,302,289
Loans receivable (Note 5)	10,358,335		10,358,335
Property held for resale	1,293,552		1,293,552
Net OPEB Asset (Note 11)	362,063	165,439	527,502
Capital assets (Note 6):			
Non-depreciable	171,036,551	4,095,533	175,132,084
Depreciable, net of accumulated depreciation	92,581,633	60,331,857	152,913,490
Total Assets	299,534,122	78,845,564	378,379,686
LIABILITIES			
Accounts payable	1,262,565	385,929	1,648,494
Accrued expenses	819,655	306,882	1,126,537
Deposits	113,262	167,885	281,147
Interest payable		206,505	206,505
Unearned revenue		353,914	353,914
Accrued compensated absences (Note 1G):			
Due within one year	530,258	134,322	664,580
Due in more than one year	13,393	4,785	18,178
Net OPEB Obligation (Note 11)	200,624		200,624
Long-term debt (Note 7):			
Due within one year	477,546	1,762,354	2,239,900
Due in more than one year	9,376,760	15,418,287	24,795,047
Total Liabilities	12,794,063	18,740,863	31,534,926
NET ASSETS (Note 8)			
Invested in capital assets, net of related debt	253,763,878	47,246,749	301,010,627
Restricted for:			
Capital projects	400,000		400,000
Debt service	2,835,535	8,466,754	11,302,289
Special revenue projects	2,309,975		2,309,975
Total Restricted Net Assets	5,545,510	8,466,754	14,012,264
Unrestricted	27,430,671	4,391,198	31,821,869
Total Net Assets	$286,740,059	$60,104,701	$346,844,760

See accompanying notes to financial statements

CITY OF AMERICAN CANYON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

		Program Revenues		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	$5,742,030	$365,857	$96,634	$77,268
Public safety	8,995,695	813,720	100,107	26,175
Community development	1,922,780	449,493		
Parks and recreation	1,962,488	491,253		
Public works	5,000,879	127,834		2,351,491
Interest on long-term debt	510,893			
Total Governmental Activities	24,134,765	2,248,157	196,741	2,454,934
Business-type Activities:				
Water	6,020,578	4,761,832		1,461,935
Wastewater	3,885,692	3,581,786		61,624
Total Business-type Activities	9,906,270	8,343,618		1,523,559
Total	$34,041,035	$10,591,775	$196,741	$3,978,493
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Other taxes				
Motor vehicle in-lieu, unrestricted				
Investment earnings				
Miscellaneous				
Transfers, net (Note 4A)				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets-Beginning				
Net Assets-Ending				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
($5,202,271)		($5,202,271)
(8,055,693)		(8,055,693)
(1,473,287)		(1,473,287)
(1,471,235)		(1,471,235)
(2,521,554)		(2,521,554)
(510,893)		(510,893)
(19,234,933)		(19,234,933)
	$203,189	203,189
	(242,282)	(242,282)
	(39,093)	(39,093)
(19,234,933)	(39,093)	(19,274,026)
10,510,243		10,510,243
2,705,763		2,705,763
1,330,655		1,330,655
83,979		83,979
307,741		307,741
129,688		129,688
1,057,829	(1,057,829)	
16,125,898	(1,057,829)	15,068,069
(3,109,035)	(1,096,922)	(4,205,957)
289,849,094	61,201,623	351,050,717
$286,740,059	$60,104,701	$346,844,760

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FUND FINANCIAL STATEMENTS

The funds described below were determined to be Major Funds by the City in fiscal 2011. 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.

STATE AND FEDERAL GRANTS - CITY

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

AFFORDABLE HOUSING CAPITAL PROJECTS FUND

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

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, 2011

	General	Fire District Operations Fund	BEGIN Program Fund	State and Federal Grants - City Fund	Affordable Housing Capital Projects Fund
ASSETS					
Cash and cash equivalents (Note 3)	$7,685,588	$3,826,761		$94,285	$926,208
Restricted cash and cash equivalents (Note 3)					
Taxes receivable	542,446	53,928			
Accounts receivable	253,318				
Due from other governments				78,136	
Accrued interest	93,521	4,969			714
Prepaid items	37,330				
Due from other funds (Note 4B)	192,703				
Advances to other funds (Note 4C)	1,570,946				
Loans receivable (Note 5)	283,932		$7,058,900		2,335,476
Property held for resale	740,792				552,760
Total Assets	$11,400,576	$3,885,658	$7,058,900	$172,421	$3,815,158
LIABILITIES					
Accounts payable	$971,284	$86,656			$38,420
Accrued expenses	739,466	80,189			
Deposits	113,262				
Deferred revenue	266,265		$7,058,900		2,335,476
Due to other funds (Note 4B)				$78,136	
Advances from other funds (Note 4C)					
Total Liabilities	2,090,277	166,845	7,058,900	78,136	2,373,896
FUND BALANCES					
Fund balance (Note 8):					
Nonspendable:					
Prepaid items	37,330				
Advances to other funds	1,570,946				
Loans receivable	17,667				
Property held for resale	740,792				552,760
Restricted:					
Public safety					
Public works and transportation				54,885	
Planning and building					888,502
Debt service					
Committed					
Assigned	2,709,975				
Unassigned	4,233,589	3,718,813		39,400	
Total Fund Balances	9,310,299	3,718,813		94,285	1,441,262
Total Liabilities and Fund Balances	$11,400,576	$3,885,658	$7,058,900	$172,421	$3,815,158

See accompanying notes to financial statements

City Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
$152,245	$7,111,472	$19,796,559
	2,835,535	2,835,535
	64,320	660,694
	11,686	265,004
	123,528	201,664
	5,998	105,202
		37,330
		192,703
		1,570,946
	680,027	10,358,335
		1,293,552
$152,245	$10,832,566	$37,317,524
$11,864	$154,341	$1,262,565
		819,655
		113,262
	680,027	10,340,668
	114,567	192,703
	1,570,946	1,570,946
11,864	2,519,881	14,299,799
		37,330
		1,570,946
		17,667
		1,293,552
	727,187	727,187
	7,322,554	7,377,439
140,381	1,120,767	2,149,650
	448,311	448,311
		2,709,975
	(1,306,134)	6,685,668
140,381	8,312,685	23,017,725
$152,245	$10,832,566	$37,317,524

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CITY OF AMERICAN CANYON
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balances reported on the Governmental Funds Balance Sheet	$23,017,725
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.	263,618,184
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.	10,340,668
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	(9,854,306)
Non-current portion of compensated absences	(543,651)
Other post employment benefits	161,439
NET ASSETS OF GOVERNMENTAL ACTIVITIES	$286,740,059

See accompanying notes to financial statements

CITY OF AMERICAN CANYON
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	General	Fire District Operations Fund	BEGIN Program	State and Federal Grants - City Fund	Affordable Housing Capital Projects Fund
REVENUES					
Property taxes	$7,428,639	$3,081,604			
Sales taxes	1,965,610				
Other taxes	1,330,655				
Special assessments					
Licenses and permits	328,873				
Fines and forfeitures	130,525				
Intergovernmental	91,049			$1,420,142	
Interest and rents	365,078	18,244			$3,336
Charges for services	694,544	643,259			
Other	235,514	48,522			
Total Revenues	12,570,487	3,791,629		1,420,142	3,336
EXPENDITURES					
Current:					
General government	5,003,777				
Public safety:					
Police and fire services	5,244,800	3,392,116			
Community development:					
Planning and building	1,570,446				
Economic development	99,115				168,558
Parks and recreation:					
Recreation	909,950				
Park maintenance	689,309				
Building maintenance	252,697				
Public works:	679,794				
Streets and roads	659,873				
Storm drain	172,898				
Debt service:					
Principal					
Interest					
Capital outlay		47,578			
Total Expenditures	15,282,659	3,439,694			168,558
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,712,172)	351,935		1,420,142	(165,222)
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 4A)	2,262,595			129,238	
Transfers (out) (Note 4A)	(616,781)			(360,226)	
Total Other Financing Sources (Uses)	1,645,814			(230,988)	
NET CHANGE IN FUND BALANCES	(1,066,358)	351,935		1,189,154	(165,222)
BEGINNING FUND BALANCES (DEFICITS)	10,376,657	3,366,878		(1,094,869)	1,606,484
ENDING FUND BALANCES	$9,310,299	$3,718,813		$94,285	$1,441,262

See accompanying notes to financial statements

City Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
		$10,510,243
	$740,153	2,705,763
		1,330,655
	457,476	457,476
		328,873
		130,525
	635,804	2,146,995
	40,784	427,442
	275,506	1,613,309
	32,584	316,620
	2,182,307	19,967,901
		5,003,777
	9,552	8,646,468
		1,570,446
	76,853	344,526
	81,611	991,561
		689,309
		252,697
		679,794
	480,998	1,140,871
		172,898
	463,301	463,301
	510,893	510,893
$137,929	8,552	194,059
137,929	1,631,760	20,660,600
(137,929)	550,547	(692,699)
195,893	1,021,335	3,609,061
(61,718)	(1,512,507)	(2,551,232)
134,175	(491,172)	1,057,829
(3,754)	59,375	365,130
144,135	8,253,310	22,652,595
$140,381	$8,312,685	$23,017,725

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, 2011

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	$365,130
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 and other expenditures are therefore added back to fund balance	1,093,717
Depreciation expense is deducted from the fund balance	(5,073,130)
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	463,301
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	(576)
Compensated absences	44,468
Other post employment benefits	(1,945)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	($3,109,035)

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Taxes:				
Property	$6,718,900	$6,718,900	$7,428,639	$709,739
Sales	1,930,000	1,930,000	1,965,610	35,610
Other	1,117,300	1,235,300	1,330,655	95,355
Licenses and permits	678,200	753,200	328,873	(424,327)
Fines and forfeitures	178,600	178,600	130,525	(48,075)
Intergovernmental	63,000	393,290	91,049	(302,241)
Interest and rents	295,000	295,000	365,078	70,078
Charges for services	623,700	559,500	694,544	135,044
Other	141,300	141,300	235,514	94,214
Total Revenues	11,746,000	12,205,090	12,570,487	365,397
EXPENDITURES:				
Current:				
General government	4,130,000	4,809,075	5,003,777	(194,702)
Public safety:				
Police and fire services	5,689,700	5,289,700	5,244,800	44,900
Community development:				
Planning and building	1,786,600	3,134,382	1,570,446	1,563,936
Economic development	90,400	160,400	99,115	61,285
Parks and recreation:				
Recreation	1,096,300	1,136,250	909,950	226,300
Parks maintenance	855,600	865,300	689,309	175,991
Building maintenance	278,500	278,500	252,697	25,803
Public works:				
Public works	730,900	730,900	679,794	51,106
Streets and roads	736,600	898,900	659,873	239,027
Storm drain	154,900	165,190	172,898	(7,708)
Capital outlay		740,800		740,800
Total Expenditures	15,549,500	18,209,397	15,282,659	2,926,738
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,803,500)	(6,004,307)	(2,712,172)	3,292,135
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4A)		5,303,310	2,262,595	(3,040,715)
Transfers (out) (Note 4A)	770,600	(2,889,600)	(616,781)	2,272,819
Total other financing sources (uses)	770,600	2,413,710	1,645,814	(767,896)
NET CHANGE IN FUND BALANCE	($3,032,900)	($3,590,597)	(1,066,358)	$2,524,239
Beginning fund balance			10,376,657	
Ending fund balance			$9,310,299	

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, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Taxes:				
Property	$3,102,000	$3,095,000	$3,081,604	($13,396)
Interest and rents	30,000	60,000	18,244	(41,756)
Charges for services	597,700	748,500	643,259	(105,241)
Other	110,000	10,000	48,522	38,522
Total Revenues	3,839,700	3,913,500	3,791,629	(121,871)
EXPENDITURES:				
Current:				
Public safety:				
Police and fire services	3,596,550	4,109,300	3,392,116	717,184
Capital outlay	129,100	52,700	47,578	5,122
Total Expenditures	3,725,650	4,162,000	3,439,694	722,306
EXCESS OF REVENUES OVER EXPENDITURES	114,050	(248,500)	351,935	600,435
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 4A)				
Transfers (out) (Note 4A)	2,229,065			
Total other financing sources (uses)	2,229,065			
NET CHANGE IN FUND BALANCE	$2,343,115	($248,500)	351,935	$600,435
Beginning fund balance			3,366,878	
Ending fund balance			$3,718,813	

See accompanying notes to financial statements

CITY OF AMERICAN CANYON
STATE AND FEDERAL GRANTS - CITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES:				
Intergovernmental	$2,245,421	$2,245,421	$1,420,142	($825,279)
Total Revenues	2,245,421	2,245,421	1,420,142	(825,279)
OTHER FINANCING SOURCES (USES)				
Transfers (in) (Note 4A)			129,238	129,238
Transfers (out) (Note 4A)	2,245,421	2,245,421	(360,226)	(2,605,647)
Total other financing sources (uses)	2,245,421	2,245,421	(230,988)	(2,476,409)
NET CHANGE IN FUND BALANCE	$4,490,842	$4,490,842	1,189,154	($3,301,688)
Beginning fund balance			(1,094,869)	
Ending fund balance			$94,285	

See accompanying notes to financial statements

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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 2011.

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.

CITY OF AMERICAN CANYON
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
JUNE 30, 2011

	Business-type Activities-Enterprise Funds		
	Water	Wastewater	Totals
ASSETS			
Current Assets:			
Cash and cash equivalents (Note 3)	$424,183	$3,138,457	$3,562,640
Accounts receivable, net	1,126,752	559,602	1,686,354
Interest receivable	5,650	3,837	9,487
Prepaid items	527,500		527,500
Total Current Assets	2,084,085	3,701,896	5,785,981
Non-Current Assets:			
Restricted cash and cash equivalents (Note 3)	4,430,783	4,035,971	8,466,754
Net OPEB Asset (Note 11)	84,068	81,371	165,439
Advance to other funds (Note 4C)		5,091,039	5,091,039
Total Other Assets	4,514,851	9,208,381	13,723,232
Capital Assets (Note 6):			
Non-depreciable	2,278,574	1,816,959	4,095,533
Depreciable:			
Equipment	1,037,120	364,815	1,401,935
Distribution and collection systems	48,160,599	38,597,141	86,757,740
Less: accumulated depreciation	(17,326,589)	(10,501,229)	(27,827,818)
Net Capital Assets	34,149,704	30,277,686	64,427,390
Total Non-Current Assets	38,664,555	39,486,067	78,150,622
Total Assets	40,748,640	43,187,963	83,936,603
LIABILITIES			
Current Liabilities:			
Accounts payable	261,343	124,586	385,929
Compensated absences, current portion (Note 1G)	48,651	85,671	134,322
Other current liabilities	84,623	222,259	306,882
Deposits	123,700	44,185	167,885
Unearned revenue		353,914	353,914
Interest	3,500	203,005	206,505
Long-term debt, current portion (Note 7)	1,223,478	538,876	1,762,354
Total Current Liabilities	1,745,295	1,572,496	3,317,791
Long-Term Liabilities:			
Compensated absences, non-current portion (Note 1G)	1,723	3,062	4,785
Advance from other funds (Note 4C)	5,091,039		5,091,039
Long-term debt, non-current portion (Note 7)	8,438,462	6,979,825	15,418,287
Total Long-Term Liabilities	13,531,224	6,982,887	20,514,111
Total Liabilities	15,276,519	8,555,383	23,831,902
NET ASSETS (Note 8)			
Invested in capital assets, net of related debt	24,487,764	22,758,985	47,246,749
Restricted for:			
Debt service	4,430,783	4,035,971	8,466,754
Unrestricted	(3,446,426)	7,837,624	4,391,198
Total Net Assets	$25,472,121	$34,632,580	$60,104,701

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, 2011

	Business-type Activities-Enterprise Funds		
	Water	Wastewater	Totals
OPERATING REVENUES			
Sale of water	$4,515,415		$4,515,415
Service fees		$3,476,830	3,476,830
Miscellaneous	213,576	79,364	292,940
Total Operating Revenues	4,728,991	3,556,194	8,285,185
OPERATING EXPENSES			
Maintenance and operations	2,631,116	1,016,269	3,647,385
Employee services	901,546	1,299,374	2,200,920
Depreciation (Note 6)	2,000,917	1,360,286	3,361,203
Total Operating Expenses	5,533,579	3,675,929	9,209,508
Operating Income (Loss)	(804,588)	(119,735)	(924,323)
NONOPERATING REVENUES (EXPENSES)			
Interest revenue	32,841	25,592	58,433
Interest (expense)	(486,999)	(209,763)	(696,762)
Total Nonoperating Revenues (Expenses)	(454,158)	(184,171)	(638,329)
Income (Loss) Before Contributions and Transfers	(1,258,746)	(303,906)	(1,562,652)
Capital contributions	1,461,935	61,624	1,523,559
Transfers in (Note 4A)	203,239	447,094	650,333
Transfers (out) (Note 4A)	(870,771)	(837,391)	(1,708,162)
Net Contributions and Transfers	794,403	(328,673)	465,730
Change in Net Assets	(464,343)	(632,579)	(1,096,922)
BEGINNING NET ASSETS	25,936,464	35,265,159	61,201,623
ENDING NET ASSETS	$25,472,121	$34,632,580	$60,104,701

See accompanying notes to financial statements

CITY OF AMERICAN CANYON
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities-Enterprise Funds		
	Water	Wastewater	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$6,097,240	$4,023,911	$10,121,151
Payments to suppliers	(3,008,255)	(1,005,543)	(4,013,798)
Payments to employees	(1,165,218)	(1,269,915)	(2,435,133)
Cash Flows from Operating Activities	1,923,767	1,748,453	3,672,220
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Interfund loans	147,212	(147,212)	
Transfers in	203,239	447,094	650,333
Transfers (out)	(870,771)	(837,391)	(1,708,162)
Cash Flows (used for) Noncapital Financing Activities	(520,320)	(537,509)	(1,057,829)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(3,770,002)	(53,188)	(3,823,190)
Capital contributions	1,461,935	61,624	1,523,559
Proceeds from note payable from City of Vallejo	2,783,655		2,783,655
Principal payments on long-term debt	(206,644)	(524,709)	(731,353)
Interest paid	(486,999)	(223,930)	(710,929)
Cash Flows (used for) Capital and Related Financing Activities	(218,055)	(740,203)	(958,258)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	32,841	25,592	58,433
Cash Flows from Investing Activities	32,841	25,592	58,433
Net Cash Flows	1,218,233	496,333	1,714,566
Cash and investments at beginning of period	3,636,733	6,678,095	10,314,828
Cash and investments at end of period	$4,854,966	$7,174,428	$12,029,394
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:			
Operating income (loss)	($804,588)	($119,735)	($924,323)
Adjustments to reconcile operating income to cash flows from operating activities:			
Depreciation	2,000,917	1,360,286	3,361,203
Change in assets and liabilities:			
Receivables, net	1,368,249	313,747	1,681,996
Prepaids			
Accounts payable and other accrued expenses	(351,122)	10,726	(340,396)
Accrued compensated absences	7,606	(639)	6,967
Other current liabilities	(289,303)	10,851	(278,452)
Deposits	(26,017)		(26,017)
Net OPEB Asset	18,025	19,247	37,272
Unearned revenue		153,970	153,970
Cash Flows from Operating Activities	$1,923,767	$1,748,453	$3,672,220

See accompanying notes to financial statements

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, 2011

	Agency Funds
ASSETS	
Cash and investments (Note 3)	$1,810,861
Restricted cash and investments (Note 3)	1,781,057
Interest receivable	1,019
Total Assets	$3,592,937
LIABILITIES	
Accounts payable	$251
Due to bondholders	3,592,686
Total Liabilities	$3,592,937

See accompanying notes to financial statements

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.

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.

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

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

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 – **A**ccounts 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City also reports the following fund types:

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

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.

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 are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated absences activity was as follows for the year ended June 30, 2011:

	Governmental Activities	Business-type Activities	Total
Beginning Balance	$588,119	$132,140	$720,259
Additions	533,518	138,294	671,812
Payments	(577,986)	(131,327)	(709,313)
Ending Balance	$543,651	$139,107	$682,758
Current Portion	$530,258	$134,322	$664,580

H. Closed and Combined Funds

During fiscal year ended June 30, 2011, the City combined the Safe Route to School Special Revenue Fund into the State and Federal Grants – City Special Revenue Fund. The City closed the STP Road Maintenance and Transportation Development Act Special Revenue Funds.

Due to the implementation of Governmental Accounting Standards Board Statement Number 54 (GASB54), as of July 1, 2010, the City consolidated the Employee Home Assistance and the Retiree Health Benefits Special Revenue Funds into the General Fund. The City also consolidated the Fire District Health Benefits and Equipment Replacement Special Revenue Funds with the Fire District Operations Fund. Beginning fund balances have been adjusted as a result.

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. Transfers between departments, if any, must be approved by the City Council.

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, except for the BEGIN Program, Storm Drainage, and State and Federal Grants – Fire Special Revenue 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, Finance, City Attorney and City Clerk.

B. Excess of Expenditures over Appropriations

The Civic Facilities Capital Projects Funds incurred expenditures in excess of its budget in the amount of $45,424 as the result of unanticipated expenditures. Sufficient resources were available within the fund to finance the excess.

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.

NOTE 3 - CASH AND INVESTMENTS (Continued)

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	$23,359,199
Restricted cash and investments	11,302,289
Total cash and investments of primary government	34,661,488
Cash and investments in Fiduciary Funds	1,810,861
Restricted cash and investments in Fiduciary Funds	1,781,057
Total cash and investments	$38,253,406

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	$2,580
Deposits with financial institutions	563,788
Investments:	
Held by City	33,070,446
Held by fiscal agents	4,616,592
Total cash and investments	$38,253,406

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.

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

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	AAA
U.S. Government Sponsored Securities	None	AAA
Federal Housing Administration Debentures	None	N/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

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value changes in market interest rates. The City generally manages its interest rate risk by holding investments to maturity.

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

NOTE 3 - CASH AND INVESTMENTS (Continued)

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
California Local Agency Investment Fund	$18,801,761			$18,801,761
Money Market Mutual Funds	4,749,997			4,749,997
U.S. Government Agency Obligations	611,651	$764,909	$4,568,388	5,944,948
U.S. Corporate Obligations	396,617	593,881	1,283,751	2,274,249
U.S. Treasury Notes	390,489	735,648	751,501	1,877,638
Napa County Treasury Pool	4,038,445			4,038,445
Total Investments	28,988,960	2,094,438	6,603,640	37,687,038
Cash on hand	2,580			2,580
Cash in bank	563,788			563,788
Total cash and investments	$29,555,328	$2,094,438	$6,603,640	$38,253,406

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, 2011, these investments matured in an average of 237 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 NTCP'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, 2011, these investments matured in an average of 116 days.

Money market funds are available for withdrawal on demand and at June 30, 2011, matured in an average of 35 days.

NOTE 3 - CASH AND INVESTMENTS (Continued)

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 following are credit ratings issued by Moody's as of June 30, 2011:

Investment Type	Aaa	Aa 2	Aa 3	Total
Money Market Mutual Funds (U.S. Securities)	$4,749,997			$4,749,997
U.S. Government Agencies	5,944,948			5,944,948
U.S. Corporate Obligations	1,201,864	$605,523	$466,862	2,274,249
Totals	$11,896,809	$605,523	$466,862	12,969,194
Not rated:				
California Local Agency Investment Fund				18,801,761
Napa County Treasury Pool				4,038,445
Cash on hand				2,580
Cash in banks				563,788
Exempt from credit rate disclosure:				
U.S. Treasury Notes				1,877,638
Total Cash and Investments				$38,253,406

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, 2011 were as follows:

Fund Making Transfer	Fund Receiving Transfers	Amount Transferred	
General Fund	Cabernet Village Lease Debt Service Fund	$475,800	**(C)**
	Broadway Property Debt Service Fund	134,800	**(C)**
	City Capital Projects Fund	6,181	**(B)**
Special Revenue Funds:			
Storm Drainage	**General Fund**	261,074	**(A)**
	City Capital Projects Fund	24,045	**(B)**
	Wastewater Enterprise Fund	443,832	**(B)**
Gas Tax	**General Fund**	214,000	**(B)**
	State and Federal Grants - City Funds Special Revenue Fund	12,635	**(B)**
State Supplemental Law Enforcement	**General Fund**	100,220	**(A)**
La Vigne Landscape and Lighting	**General Fund**	28,450	**(A)**
Abandoned Vehicle	**General Fund**	9,162	**(A)**
State and Federal Grants - City Funds	**City Capital Projects Fund**	61,578	**(B)**
	Gas Tax Special Revenue Fund	34,401	**(B)**
	Park Improvement Capital Projects Fund	61,334	**(B)**
	Water Enterprise Fund	202,913	**(B)**
Capital Projects Funds:			
Park Improvement	2002 Lease Revenue Bonds Debt Service Fund	315,000	**(C)**
	City Capital Projects Fund	11,802	**(B)**
Traffic Impact	**City Capital Projects Fund**	5,464	**(B)**
Civic Facilities	**City Capital Projects Fund**	86,823	**(B)**
City Capital Projects Fund	**State and Federal Grants - City Funds Special Revenue Fund**	61,718	**(B)**
Enterprise Funds:			
Water	**General Fund**	812,624	**(A)**
	Wastewater Enterprise Fund	3,262	**(B)**
	State and Federal Grants - City Funds Special Revenue Fund	54,885	**(B)**
Wastewater	**General Fund**	837,065	**(A)**
	Water Enterprise Fund	326	**(B)**
		$4,259,394	

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

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, 2011, the following funds have interfund balances.

Fund Making Loan	Fund Receiving Loan	Amount
General Fund		
	State and Federal Grants - City Fund	$78,136
	Non-Major Special Revenue Funds:	
	Storm Drainage	103,220
	State Supplemental Law Enforcement	11,347
	Total Due To/Due From Other Funds	$192,703

C. Advances Between Funds

During fiscal year ended June 30, 2010, the General Fund advanced the Civic Facilities Capital Projects Fund $1,514,166 for construction of the Senior Multi-Use Center. As of June 30, 2011, $1,570,946 was outstanding including accrued interest of $56,780.

During fiscal year ending June 30, 2011, the Wastewater Enterprise Fund advanced the Water Enterprise Fund $5,091,039.

NOTE 5 – LOANS RECEIVABLE

At June 30, 2011, the City had the following loans receivable:

BEGIN Program	$7,058,900
Mid Peninsula Housing Coalition Loan	2,335,476
Employee Home Purchase Assistance	182,565
CDBG Housing Rehabilitation Program	680,027
Hess Construction Loan	100,000
Employee Computer Purchase Loans	1,367
	$10,358,335

NOTE 5 – LOANS RECEIVABLE (Continued)

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 has provided this funding plus an additional $6,038,900, 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) $2,335,476 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 provided home down payment assistance to its employees until fiscal year 2009-10 when the program was terminated. At June 30, 2011, there were five loans outstanding to employees. To qualify for the program, employees were required to be full time and purchase a home within city limits. The maximum loan amount was 10% of the purchase price or $50,000 whichever was less. Interest on the loans was determined using the current Local Agency Investment Fund rate. The maximum loan term was 20 years.

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, 2011, residents owed the City $680,027 in loans offered by this Program.

E. Hess Construction Loan

At June 30, 2011, Hess Construction owed the City $100,000.

F. 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 reaches $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.

NOTE 6 – CAPITAL ASSETS (Continued)

A. Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance June 30, 2010	Additions and Adjustments	Retirements	Transfers	Balance June 30, 2011
Governmental Activities:					
Non-Depreciable Assets:					
Land	$6,793,338				$6,793,338
Infrastructure - Street Right of Ways	162,284,085				162,284,085
Construction in Progress	31,442,171	$51,106		($29,534,149)	1,959,128
Total Non-Depreciable Assets	200,519,594	51,106		(29,534,149)	171,036,551
Capital Assets being Depreciated:					
Buildings and Improvements	19,499,034	87,110		29,534,149	49,120,293
Machinery and Equipment	7,103,628	177,711	($1,333,794)		5,947,545
Infrastructure - Streets and Storm Drains	63,974,917	777,790			64,752,707
Total Capital Assets being Depreciated	90,577,579	1,042,611	(1,333,794)	29,534,149	119,820,545
Less Accumulated Depreciation for:					
Buildings and Improvements	(3,387,001)	(538,868)		130,007	(3,795,862)
Machinery and Equipment	(5,429,782)	(635,702)	1,333,794		(4,731,690)
Infrastructure - Streets and Storm Drains	(14,682,793)	(3,898,560)		(130,007)	(18,711,360)
Total Accumulated Depreciation	(23,499,576)	(5,073,130)	1,333,794		(27,238,912)
Net Depreciable Assets	67,078,003	(4,030,519)		29,534,149	92,581,633
Governmental Activity Capital Assets, Net	$267,597,597	($3,979,413)			$263,618,184

NOTE 6 – CAPITAL ASSETS (Continued)

	Balance June 30, 2011	Additions and Adjustments	Retirements	Transfers	Balance June 30, 2011
Business-Type Activities:					
Non-Depreciable Assets:					
Land and Improvements	$1,642,993				$1,642,993
Construction in Progress	6,317,083	$425,113		($4,289,656)	2,452,540
Total Non-Depreciable Assets	7,960,076	425,113		(4,289,656)	4,095,533
Capital Assets being Depreciated:					
Buildings and Improvements	6,827,336				6,827,336
Water Treatment and Distribution	38,655,761	3,336,157		4,217,778	46,209,696
Equipment	1,541,232	28,720	($168,017)		1,401,935
Wastewater Treatment and Collection	33,615,630	33,200		71,878	33,720,708
Total Capital Assets being Depreciated	80,639,959	3,398,077	(168,017)	4,289,656	88,159,675
Less Accumulated Depreciation for:					
Buildings and Improvements	(2,284,409)	(507,686)			(2,792,095)
Water Treatment and Distribution	(13,662,827)	(1,536,125)			(15,198,952)
Equipment	(1,172,757)	(204,662)	168,017		(1,209,402)
Wastewater Treatment and Collection	(7,514,639)	(1,112,730)			(8,627,369)
Total Accumulated Depreciation	(24,634,632)	(3,361,203)	168,017		(27,827,818)
Net Depreciable Assets	56,005,327	36,874		4,289,656	60,331,857
Business-type Activity Capital Assets, Net	$63,965,403	$461,987			$64,427,390

B. Project Commitments

At June 30, 2011, the City had outstanding commitments with contractors for the following projects:

Project	Remaining Commitment
American Canyon Road E. Assessment District	$17,904
Transportation Projects	181,246
Storm Drain Projects	13,300
Water Projects	30,082
Wastewater Projects	58,502
	$301,034

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:

	Depreciation
Governmental Activities:	
General government	$761,093
Public safety - Police	304,143
Public safety - Fire	88,200
Parks and recreation	21,133
Public works	3,898,561
Total Governmental Activities	$5,073,130
Business-type Activities:	
Water	$2,000,917
Wastewater	1,360,286
Total Business-Type Activities	$3,361,203

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, 2010	Additions	Retirements	Balance June 30, 2011	Current Portion
Governmental Activity Debt						
2002 Lease Revenue Bonds						
1.30-4.45%, due 06/01/22	$4,230,000	$2,850,000		$190,000	$2,660,000	$195,000
Capital Lease - City Hall Facility						
4.54%, due 05/01/32	6,695,000	6,525,000		180,000	6,345,000	185,000
Capital Lease - Broadway Properties						
4.57%, due 08/22/2018	1,075,000	942,607		93,301	849,306	97,546
Total Governmental Long-Term Debt		10,317,607		463,301	9,854,306	$477,546
Less: Amount due within one year		463,302			477,546	
Total Governmental Long-Term Debt, Net		$9,854,305		$463,301	$9,376,760	

	Original Issue Amount	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011	Current Portion
Business-Type Activity Debt						
Capital Lease - Water North Bay Aqueduct						
5.56%, due 07/01/35	$5,909,403	$5,355,255		$141,488	$5,213,767	$148,024
State of California Davis-Grunsky Loan						
2.5%, due 12/31/27	2,050,000	1,172,422		53,642	1,118,780	54,983
State Water Resources Control Board, State Revolving Fund Loan						
2.7%, due 07/15/22	10,859,470	8,043,410		524,709	7,518,701	538,876
City of Vallejo Note Payable						
6.0%, due 12/31/14	2,783,655		$2,783,655		2,783,655	1,020,471
City of Napa Note Payable						
4.0%, due 09/30/2017	350,000	350,000			350,000	
Total Business-Type Long-Term Debt		14,921,087	2,783,655	719,839	16,984,903	$1,762,354
Less: Amount due within one year		719,838			1,762,354	
Add: Unamortized deferred interest on Davis-Grunsky Loan		207,252		11,514	195,738	
Total Business-type Activity Debt		$14,408,501		$731,353	$15,418,287	

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.

C. 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.

D. Capital Lease – Broadway Properties

In July 2008, the City entered into a lease purchase financing for $1,075,000 to purchase property adjacent to City Hall. The primary purpose was to provide access to City Hall from Napa Junction Road and it also provides additional parking and is available for future civic purposes.

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. 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.

G. State of California Revolving Fund Loan

The City obtained a $10,859,470 loan from the State of California Department of Water Resources under the State Revolving Loan Program for the purpose of obtaining financing to construct the City's wastewater treatment plant. The loan bears interest at 2.7 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.

NOTE 7 - LONG TERM DEBT (Continued)

H. City of Vallejo Note Payable

In fiscal year 2011, the City exercised an option to purchase additional water rights capacity from the City of Vallejo. The option price was $2,783,655 for an additional 1.15 MGD of water. The City has agreed to pay for this additional water capacity over four fiscal years. The arrangement provides for semi-annual payments of $385,000 with interest at 6 percent per year.

I. City of Napa Note Payable

In fiscal year 2010, the City entered into a loan with the City of Napa to pay for participation in environmental analysis, planning, and design associated with the North Bay Aqueduct Alternate intake project and environmental analysis. The loan amount totals $350,000 with a stated interest rate of 4.0% per annum. Principal payments are due semi-annually beginning March 31, 2013 through September 20, 2017.

J. Debt Service Requirements

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

For the Year	Governmental Activities				Business-Type Activities	
	Outstanding Bonds		Capital Leases			
Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
2012	$195,000	$116,750	$282,546	$325,197	$1,762,354	$636,068
2013	200,000	109,632	296,986	312,358	1,470,780	593,507
2014	210,000	101,832	311,627	298,865	1,569,239	521,485
2015	220,000	93,432	326,479	284,705	1,254,731	453,605
2016	230,000	84,302	341,552	269,872	905,347	420,765
2017 - 2021	1,310,000	259,740	1,595,116	1,118,003	4,568,590	1,700,318
2022 - 2026	295,000	14,012	1,595,000	778,612	2,851,897	980,987
2027 - 2031			1,990,000	382,270	1,426,175	421,444
2032 - 2036			455,000	20,658	1,175,790	99,672
Total	$2,660,000	$779,700	$7,194,306	$3,790,540	$16,984,903	$5,827,851

K. Special Assessment Debt Without City Commitment

At June 30, 2011, the outstanding principal amount of bonded debt issued by special assessment districts in the City was as follows:

2004 A Reassessment Revenue Bonds	$6,480,000
2005 Infrastructure Revenue Bonds	17,140,000

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

NOTE 8 – NET ASSETS AND FUND BALANCES

A. Net Assets

Net Assets are 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 at the Government-wide and Proprietary fund 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.

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

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

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

Nonspendable represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; Nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

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

Minimum Fund Balance Policies - The City's Budget and Fiscal Policy requires the City to strive to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one time expenditures. These resources also provide a first defense against deficit spending and help maintain liquidity when budgeted draw downs are inevitable. Designations may be used at the City Council's discretion to address temporary cash flow shortages, emergencies, unanticipated economic downturns, and one time opportunities. These resources are intended to provide flexibility to respond to unexpected opportunities that may help the City of American Canyon achieve its goals. The use of these funds may also be tied to an adverse change in economic indicators to ensure that the funds are not depleted before an emergency arises.

It is the policy of the City of American Canyon to establish and maintain adequate financial reserves in order to avoid the negative effects of economic cycles upon essential services to the public and to assure that annual fluctuations in revenue receipts do not impede the City's ability to meet its expenditure obligations. During periods of economic sufficiency, these designations shall be used as a source of supplemental revenue through prudent investments and earnings under policies of the City Council and for meeting short term cash flow deficiencies. During periods of economic downturns, when revenues fail to meet the normal operating requirements of essential public services, or when need for disbursements temporarily exceeds receipts, these designations may, upon the recommendation of the City Manager and the authorization of the City Council, be used in accordance with the standards set forth herein.

Under GASB 54, such designations are includable in Unassigned fund balance when the usage is predicated on general circumstances which are expected to routinely occur.

NOTE 8 – NET ASSETS AND FUND BALANCES (Continued)

C. General Fund – Fund Balance Classifications

	General Fund
Nonspendables:	
Items not in spendable from:	
Interfund advances	$1,570,946
Loans receivable	17,667
Prepaid items	37,330
Property held for resale	740,792
	2,366,735
Assigned:	
Vehicle Replacement	375,800
Contingency	400,000
Catastrophe	950,000
Economic Development	220,000
Pavement Repair	400,000
Retiree Health Care Benefits	96,600
Tow Fee	93,967
General Plan Update	173,608
	2,709,975
Unassigned	4,233,589
Fund Balance	$9,310,299

D. Fund Equity Deficits

The Civic Facilities Capital Project Fund had a deficit fund balance of $1,306,134 at June 30, 2011.

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 the 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, 2011, are summarized as follows:

	Safety	Miscellaneous
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	27.818%	12.811%

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.

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, 2011 was 15 years.

NOTE 10 - PENSION PLAN (Continued)

The Miscellaneous and Safety 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
6/30/2007	$2,611,746,790	$2,391,434,447	$220,312,343	91.6%	$665,522,859	33.1%
6/30/2008	2,780,280,768	2,547,323,278	232,957,490	91.6%	688,606,681	33.8%
6/30/2009	3,104,798,222	2,758,511,101	346,287,121	88.8%	742,981,488	46.6%

Safety 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
6/30/2007	$7,986,055,176	$6,826,599,459	$1,159,455,717	85.5%	$831,607,658	139.4%
6/30/2008	8,700,467,733	7,464,927,716	1,235,540,017	85.8%	914,840,596	135.1%
6/30/2009 *	9,721,675,347	8,027,158,724	1,694,516,623	82.6%	973,814,168	174.0%

* Latest available actuarial information.

As required by State law, effective July 1, 2005, the City's Miscellaneous and Safety Plans were terminated, and the employees in the Plans 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 City's Miscellaneous and Safety Plans were 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 Miscellaneous Plan and the Safety Plan over the next 10 and 7 years, respectively.

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 the last three fiscal years were as follows:

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Contribution Rate
6/30/2009	$1,034,154	100%	13.339% - 26.863%
6/30/2010	1,038,617	106%	13.103% - 26.285%
6/30/2011	1,031,452	100%	12.811% - 27.818%

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

During fiscal year 2009, the City and Fire District implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB). The provisions of this statement are applied prospectively and do not affect prior year's financial statements. Required disclosures are presented below.

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

A. Retiree Medical Benefits

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

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

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

Covered dependents of eligible retirees include spouses, domestic partners, and children under age 23 and never married (or any age if handicapped, subject to CalPERS approval). Surviving spouses of deceased retirees are covered for life on the same basis as when the retiree was alive. There are no benefits for surviving spouses or dependent children of actives beyond COBRA continuation.

As of June 30, 2011, there were 15 participants receiving these health care benefits.

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

B. City of American Canyon's Plan

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

Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2010 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.75% investment rate of return, (b) 3.25% projected annual salary increase, and (c) health care cost trend rates from 5% to 7.5% for medical. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The actuarial value of assets is based upon the balance in the CERBT Trust. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period on a closed basis.

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

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding Progress and Funded Status

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2011, the City contributed $270,000 to the Plan, and funded pay-as-you-go premiums of $129,764. As a result, the City has calculated and recorded the Net OPEB Asset on the Statement of Net Assets, representing the difference between the ARC, amortization and contributions, as presented below:

Net OPEB asset at June 30, 2010	$597,038
Annual required contribution (ARC)	477,300
Interest on net OPEB asset	(40,600)
Adjustment to annual required contribution	32,600
Annual OPEB cost	469,300
Contributions:	
Contributions to CERBT	270,000
City's portion of current year premiums paid	129,764
Total Contributions	399,764
Increase (Decrease) in net OPEB asset	(69,536)
Net OPEB asset at June 30, 2011	$527,502

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated June 30, 2010, amounted to $5,429,600. The AAL is partially funded since assets have been transferred into CERBT.

The Plan's annual required contributions and actual contributions for fiscal year ended June 30, 2011 are set forth below:

Fiscal Year	Annual Required OPEB Cost (AOC)	Actual Contribution	Percentage of APC Contributed	Net OPEB Obligation (Asset)
June 30, 2009	$454,863	$1,020,601	224%	($565,738)
June 30, 2010	438,200	469,500	107%	(597,038)
June 30, 2011	469,300	399,764	85%	(527,502)

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the June 30, 2010 actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/07	$0	$3,897,000	$3,897,000	0.00%	$4,713,606	82.68%
6/30/10	1,323,200	5,429,600	4,106,400	24.37%	5,592,900	73.42%

C. Fire District's Plan

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

Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2011 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.75% investment rate of return, and (b) health care cost trend rates are 8.50% for medical. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The District's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period on a closed basis.

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

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding Progress and Funded Status

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2011, the District contributed $188,000 to the Plan, and funded pay-as-you-go premiums of $96,161. As a result, the District has calculated and recorded the Net OPEB Liability on the Statement of Net Assets, representing the difference between the ARC, amortization and contributions, as presented below:

Net OPEB obligation at June 30, 2010	$230,943
Annual required contribution (ARC)	250,455
Interest on net OPEB obligation	18,613
Adjustment to annual required contribution	(15,226)
Annual OPEB cost	253,842
Contributions:	
Contributions to CERBT	188,000
District's portion of current year premiums paid	96,161
Total Contributions	284,161
(Decrease) in net OPEB obligation	(30,319)
Net OPEB obligation at June 30, 2011	$200,624

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated June 30, 2010, amounted to $2,636,360. The AAL is partially funded since assets have been transferred into CERBT.

The Plan's annual required contributions and actual contributions for fiscal year ended June 30, 2011 are set forth below:

Fiscal Year	Annual Required OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
June 30, 2009	$300,500	$60,060	20%	$240,440
June 30, 2010	277,482	286,979	103%	230,943
June 30, 2011	253,842	284,161	112%	200,624

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded (Overfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll
6/30/08	$0	$2,531,000	$2,531,000	0.00%	$1,650,824	153.32%
6/30/10	197,531	2,636,360	243,829	7.49%	1,732,102	140.80%

NOTE 12 – RISK MANAGEMENT

A. Coverages

The City is a member of the Association of Bay Area Governments (ABAG), which provides general and auto liability coverage of $5,000,000 above the City's deductible of $25,000 per occurrence. ABAG 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, 2011, the City contributed $212,077 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 $1,000,000 per occurrence with an aggregate limit of $2,000,000. The Authority also provides property coverage with a deductible of $5,000 with a limit of $10,000,000. The Fire Association Self Insurance System, a risk sharing pool, provides workers compensation insurance coverage for the Fire District. The System is self-insured for the first $500,000 of each claim and purchases commercial insurance excess coverage up to $5,000,000 per claim. The District has no deductible for works compensation insurance.

NOTE 12 – RISK MANAGEMENT (Continued)

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, 2011	Year Ended June 30, 2010	Year Ended June 30, 2009
Unpaid claims, beginning of fiscal year	$41,937	$10,407	$3,100
Incurred claims (including IBNRs)	42,586	38,856	12,421
Claim payments		(7,326)	(5,114)
Unpaid claims, end of fiscal year	$84,523	$41,937	$10,407

For the years ended June 30, 2011, 2010, and 2009, the amount of settlements did not exceed insurance coverage.

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, 2011, 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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Optional Supplemantal Information Section

Senior Multi-Use Center

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

CITY OF AMERICAN CANYON
AFFORDABLE HOUSING CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest and rents	$10,000	$3,336	($6,664)
Total Revenues	10,000	3,336	(6,664)
EXPENDITURES:			
Economic development	303,500	168,558	134,942
Capital outlay	160,000		160,000
Total Expenditures	463,500	168,558	294,942
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(453,500)	(165,222)	288,278
NET CHANGE IN FUND BALANCE	($453,500)	(165,222)	$288,278
Beginning fund balance		1,606,484	
Ending fund balance		$1,441,262	

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, 2011

	Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES:			
Capital outlay	$224,991	$137,929	$87,062
Total Expenditures	224,991	137,929	87,062
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	(224,991)	(137,929)	(87,062)
OTHER FINANCING SOURCES (USES)			
Transfers in		195,893	(195,893)
Transfers out		(61,718)	61,718
Total other financing sources (uses)		134,175	(134,175)
NET CHANGE IN FUND BALANCE	($224,991)	(3,754)	($221,237)
Beginning fund balance		144,135	
Ending fund balance		$140,381	

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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.

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.

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

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

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

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

DEBT SERVICE FUNDS

2002 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 Improvement – accounts for impact fees collected by new development to be used for adding new parks, park improvements, and recreation facilities.

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

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

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

CITY OF AMERICAN CANYON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	Storm Drainage	Gas Tax	State and Federal Grants-Fire	CDBG Loan Repayment
ASSETS				
Cash and cash equivalents		$808,706	$5,891	$40,781
Restricted cash and cash equivalents				
Taxes receivable		59,264		
Accounts receivable				36
Due from other governments	$123,528			
Interest receivable		552		
Loans receivable				680,027
Total Assets	$123,528	$868,522	$5,891	$720,844
LIABILITIES				
Accounts payable				$2,418
Deferred revenue				680,027
Due to other funds	$103,220			
Advances from other funds				
Total Liabilities	103,220			682,445
FUND EQUITY				
Fund balances				
Restricted:				
Public Safety			$5,891	
Public works and transportation	20,308	$868,522		
Planning and building				38,399
Debt service				
Unassigned				
Total Fund Balances (Deficits)	20,308	868,522	5,891	38,399
Total Liabilities and Fund Balances	$123,528	$868,522	$5,891	$720,844

SPECIAL REVENUE FUNDS					DEBT SERVICE FUNDS		
State Supplemental Law Enforcement	La Vigne Landscape and Lighting	La Vigne Open Space	Newell Park Open Space	Abandoned Vehicle	2002 Lease Revenue Bonds	Cabernet Village Lease	Broadway Property
	$1,720,811	$180,353	$46,169	$68,325	$3,067	$128,719	$600
					315,613		
	5,056						
$11,325					96	216	
23	1,897	133	34	50			
$11,348	$1,727,764	$180,486	$46,203	$68,375	$318,776	$128,935	$600
	$148,893	$2,350	$26				
$11,347							
11,347	148,893	2,350	26				
1				$68,375			
	1,578,871						
		178,136	46,177				
					$318,776	$128,935	$600
1	1,578,871	178,136	46,177	68,375	318,776	128,935	600
$11,348	$1,727,764	$180,486	$46,203	$68,375	$318,776	$128,935	$600

CITY OF AMERICAN CANYON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2011

	CAPITAL PROJECTS FUNDS			
	Fire Mitigation	Park Improvement	Traffic Impact	Civic Facilities
ASSETS				
Cash and cash equivalents	$652,136	$857,438	$2,316,662	$264,622
Restricted cash and cash equivalents				
Taxes receivable				
Accounts receivable				
Due from other governments				
Interest receivable	784	617	1,718	190
Loans receivable				
Total Assets	$652,920	$858,055	$2,318,380	$264,812
LIABILITIES				
Accounts payable				
Deferred revenue				
Due to other funds				
Advances from other funds				$1,570,946
Total Liabilities				1,570,946
FUND EQUITY				
Fund balances				
Restricted:				
Public Safety	$652,920			
Public works and transportation			$2,318,380	
Planning and building		$858,055		
Debt service				
Unassigned				(1,306,134)
Total Fund Balances (Deficits)	652,920	858,055	2,318,380	(1,306,134)
Total Liabilities and Fund Balances	$652,920	$858,055	$2,318,380	$264,812

Infrastructure	Total Non-major Governmental Funds
$17,192	$7,111,472
2,519,922	2,835,535
	64,320
13	11,686
	123,528
	5,998
	680,027
$2,537,127	$10,832,566
$654	$154,341
	680,027
	114,567
	1,570,946
654	2,519,881
	727,187
2,536,473	7,322,554
	1,120,767
	448,311
	(1,306,134)
2,536,473	8,312,685
$2,537,127	$10,832,566

CITY OF AMERICAN CANYON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS			
	Storm Drainage	Gas Tax	State and Federal Grants-Fire	CDBG Loan Repayment
REVENUES				
Special assessments				
Sales tax	$740,153			
Intergovernmental		$436,275	$77,268	
Interest and rents		2,773		$208
Charges for services				
Other				25,538
Total Revenues	740,153	439,048	77,268	25,746
EXPENDITURES				
Current:				
General government				
Public safety:				
Police and fire services				
Community development:				
Economic development				76,853
Parks and recreation:				
Recreation			79,235	
Public works:				
Streets and roads				
Debt service:				
Principal				
Interest				
Capital outlay				
Total Expenditures			79,235	76,853
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	740,153	439,048	(1,967)	(51,107)
OTHER FINANCING SOURCES (USES)				
Transfers in		34,401		
Transfers (out)	(728,951)	(226,635)		
Total Other Financing Sources (Uses)	(728,951)	(192,234)		
NET CHANGE IN FUND BALANCES	11,202	246,814	(1,967)	(51,107)
BEGINNING FUND BALANCES (DEFICIT)	9,106	621,708	7,858	89,506
ENDING FUND BALANCES (DEFICIT)	$20,308	$868,522	$5,891	$38,399

SPECIAL REVENUE FUNDS					DEBT SERVICE FUNDS		
State Supplemental Law Enforcement	La Vigne Landscape and Lighting	La Vigne Open Space	Newell Park Open Spaces	Abandoned Vehicle	2002 Lease Revenue Bonds	Cabernet Village Lease	Broadway Property Debt Service
	$457,476						
$100,107				$22,154			
114	7,520	$746	$9,904	275	$547	$1,070	$2
	2,036						
100,221	467,032	746	9,904	22,429	547	1,070	2
				9,552			
		2,350	26				
	480,998						
					190,000	180,000	93,301
					127,855	296,235	41,379
	480,998	2,350	26	9,552	317,855	476,235	134,680
100,221	(13,966)	(1,604)	9,878	12,877	(317,308)	(475,165)	(134,678)
					315,000	475,800	134,800
(100,220)	(28,450)			(9,162)			
(100,220)	(28,450)			(9,162)	315,000	475,800	134,800
1	(42,416)	(1,604)	9,878	3,715	(2,308)	635	122
	1,621,287	179,740	36,299	64,660	321,084	128,300	478
$1	$1,578,871	$178,136	$46,177	$68,375	$318,776	$128,935	$600

CITY OF AMERICAN CANYON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	CAPITAL PROJECTS FUNDS			
	Fire Mitigation	Park Improvement	Traffic Impact	Civic Facilities
REVENUES				
Special assessments				
Sales tax				
Intergovernmental				
Interest and rents	$2,998	$3,912	$9,300	$1,342
Charges for services	26,175	19,968	187,484	41,879
Other				5,010
Total Revenues	29,173	23,880	196,784	48,231
EXPENDITURES				
Current:				
General government				
Public safety:				
Police and fire services				
Community development:				
Economic development				
Parks and recreation:				
Recreation				
Public works:				
Streets and roads				
Debt service:				
Principal				
Interest				45,424
Capital outlay				
Total Expenditures				45,424
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,173	23,880	196,784	2,807
OTHER FINANCING SOURCES (USES)				
Transfers in		61,334		
Transfers (out)		(326,802)	(5,464)	(86,823)
Total Other Financing Sources (Uses)		(265,468)	(5,464)	(86,823)
NET CHANGE IN FUND BALANCES	29,173	(241,588)	191,320	(84,016)
BEGINNING FUND BALANCES (DEFICIT)	623,747	1,099,643	2,127,060	(1,222,118)
ENDING FUND BALANCES (DEFICIT)	$652,920	$858,055	$2,318,380	($1,306,134)

Infrastructure	Total Non-major Governmental Funds
	$457,476
	740,153
	635,804
$73	40,784
	275,506
	32,584
73	2,182,307
	9,552
	76,853
	81,611
	480,998
	463,301
	510,893
8,552	8,552
8,552	1,631,760
(8,479)	550,547
	1,021,335
	(1,512,507)
	(491,172)
(8,479)	59,375
2,544,952	8,253,310
$2,536,473	$8,312,685

CITY OF AMERICAN CANYON
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	GAS TAX			CDBG LOAN REPAYMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Special assessments						
Intergovernmental	$419,120	$436,275	$17,155			
Interest and rents	5,080	2,773	(2,307)	$500	$208	($292)
Charges for services						
Other				2,000	25,538	23,538
Total Revenues	424,200	439,048	14,848	2,500	25,746	23,246
EXPENDITURES						
Current:						
General Government						
Public safety:						
Police and fire services						
Community development:						
Economic development				115,000	76,853	38,147
Parks and recreation:						
Recreation						
Public works:						
Streets and roads						
Debt service:						
Principal						
Interest						
Capital outlay						
Total Expenditures				115,000	76,853	38,147
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	424,200	439,048	14,848	(112,500)	(51,107)	61,393
OTHER FINANCING SOURCES (USES)						
Transfers in		34,401	34,401			
Transfers (out)	(279,810)	(226,635)	53,175			
Total Other Financing Sources (Uses)	(279,810)	(192,234)	87,576			
NET CHANGE IN FUND BALANCES	$144,390	246,814	$102,424	($112,500)	(51,107)	$61,393
BEGINNING FUND BALANCES (DEFICIT)		621,708			89,506	
ENDING FUND BALANCES (DEFICIT)		$868,522			$38,399	

STATE SUPPLEMENTAL LAW ENFORCEMENT			LA VIGNE LANDSCAPE AND LIGHTING			LA VIGNE OPEN SPACE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			$444,843	$457,476	$12,633			
$100,000	$100,107	$107						
100	114	14	14,747	7,520	(7,227)	$1,000	$746	($254)
				2,036	2,036			
100,100	100,221	121	459,590	467,032	7,442	1,000	746	(254)
						2,800	2,350	450
			597,996	480,998	116,998			
			597,996	480,998	116,998	2,800	2,350	450
100,100	100,221	121	(138,406)	(13,966)	124,440	(1,800)	(1,604)	196
(100,200)	(100,220)	(20)	(28,450)	(28,450)				
(100,200)	(100,220)	(20)	(28,450)	(28,450)				
($100)	1	$101	($166,856)	(42,416)	$124,440	($1,800)	(1,604)	$196
				1,621,287			179,740	
	$1			$1,578,871			$178,136	

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CITY OF AMERICAN CANYON
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	NEWELL PARK OPEN SPACE			ABANDONED VEHICLE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Special assessments						
Intergovernmental				$7,300	$22,154	$14,854
Interest and rents	$10,000	$9,904	($96)	500	275	(225)
Charges for services						
Other						
Total Revenues	10,000	9,904	(96)	7,800	22,429	14,629
EXPENDITURES						
Current:						
General Government						
Public safety:						
Police and fire services				9,600	9,552	48
Community development:						
Economic development						
Parks and recreation:						
Recreation	9,700	26	9,674			
Public works:						
Streets and roads						
Debt service:						
Principal						
Interest						
Capital outlay						
Total Expenditures	9,700	26	9,674	9,600	9,552	48
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	300	9,878	9,578	(1,800)	12,877	14,677
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(7,800)	(9,162)	(1,362)
Total Other Financing Sources (Uses)				(7,800)	(9,162)	(1,362)
NET CHANGE IN FUND BALANCES	$300	9,878	$9,578	($9,600)	3,715	$13,315
BEGINNING FUND BALANCES (DEFICIT)		36,299			64,660	
ENDING FUND BALANCES (DEFICIT)		$46,177			$68,375	

2002 LEASE REVENUE BONDS			CABERNET VILLAGE LEASE			BROADWAY PROPERTY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$500	$547	$47	$500	$1,070	$570		$2	$2
500	547	47	500	1,070	570		2	2
190,000	190,000		180,000	180,000		$89,300	93,301	(4,001)
128,800	127,855	945	296,300	296,235	65	45,500	41,379	4,121
318,800	317,855	945	476,300	476,235	65	134,800	134,680	120
(318,300)	(317,308)	992	(475,800)	(475,165)	635	(134,800)	(134,678)	122
315,000	315,000		475,800	475,800		134,800	134,800	
315,000	315,000		475,800	475,800		134,800	134,800	
($3,300)	(2,308)	$992		635	$635		122	$122
	321,084			128,300			478	
	$318,776			$128,935			$600	

(Continued)

CITY OF AMERICAN CANYON
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULES OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	FIRE MITIGATION			PARK IMPROVEMENT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Special assessments						
Intergovernmental						
Interest and rents	$2,500	$2,998	$498	$6,000	$3,912	($2,088)
Charges for services	250,000	26,175	(223,825)	15,000	19,968	4,968
Other						
Total Revenues	252,500	29,173	(223,327)	21,000	23,880	2,880
EXPENDITURES						
Current:						
General Government						
Public safety:						
Police and fire services						
Community development:						
Economic development						
Parks and recreation:						
Recreation						
Public works:						
Streets and roads						
Debt service:						
Principal						
Interest						
Capital outlay				6,000		6,000
Total Expenditures				6,000		6,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	252,500	29,173	(223,327)	15,000	23,880	8,880
OTHER FINANCING SOURCES (USES)						
Transfers in					61,334	61,334
Transfers (out)				(315,000)	(326,802)	(11,802)
Total Other Financing Sources (Uses)				(315,000)	(265,468)	49,532
NET CHANGE IN FUND BALANCES	$252,500	29,173	($223,327)	($300,000)	(241,588)	$58,412
BEGINNING FUND BALANCES (DEFICIT)		623,747			1,099,643	
ENDING FUND BALANCES (DEFICIT)		$652,920			$858,055	

TRAFFIC IMPACT			CIVIC FACILITIES			INFRASTRUCTURE		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
$10,000	$9,300	($700)	$1,500	$1,342	($158)		$73	$73
	187,484	187,484	25,000	41,879	16,879			
				5,010	5,010			
10,000	196,784	186,784	26,500	48,231	21,731		73	73
				45,424	(45,424)			
						$726,041	8,552	717,489
				45,424	(45,424)	726,041	8,552	717,489
10,000	196,784	186,784	26,500	2,807	(23,693)	(726,041)	(8,479)	717,562
	(5,464)	(5,464)		(86,823)	(86,823)			
	(5,464)	(5,464)		(86,823)	(86,823)			
$10,000	191,320	$181,320	$26,500	(84,016)	($110,516)	($726,041)	(8,479)	$717,562
	2,127,060			(1,222,118)			2,544,952	
	$2,318,380			($1,306,134)			$2,536,473	

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AGENCY FUNDS

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

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

CITY OF AMERICAN CANYON
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Reductions	Balance June 30, 2011
American Canyon Road East Assessment District				
Assets				
Cash and investments	$1,063,170	$65,608		$1,128,778
Restricted cash and cash equivalents	1,210,010			1,210,010
Receivables - Interest	587	609	($587)	609
	$2,273,767	$66,217	($587)	$2,339,397
Liabilities				
Accounts payable	$1,887	$251	($1,887)	$251
Due to bondholders	2,271,880	1,421,591	(1,354,325)	2,339,146
	$2,273,767	$1,421,842	($1,356,212)	$2,339,397
La Vigne Assessment District				
Assets				
Cash and investments	$659,988	$22,095		$682,083
Restricted cash and cash equivalents	542,978	28,069		571,047
Receivables - Interest	438	410	($438)	410
	$1,203,404	$50,574	($438)	$1,253,540
Liabilities				
Due to bondholders	$1,203,404	$606,097	($555,961)	$1,253,540
	$1,203,404	$606,097	($555,961)	$1,253,540
Total Agency Funds				
Assets				
Cash and investments	$1,723,158	$87,703		$1,810,861
Restricted cash and cash equivalents	1,752,988	28,069		1,781,057
Receivables - Interest	1,025	1,019	($1,025)	1,019
	$3,477,171	$116,791	($1,025)	$3,592,937
Liabilities				
Accounts payable	$1,887	$251	($1,887)	$251
Due to bondholders	3,475,284	2,027,688	(1,910,286)	3,592,686
	$3,477,171	$2,027,939	($1,912,173)	$3,592,937

Statistical Section

Our future Firefighters play at Shenandoah Park just around the corner from the Fire Station

The Fire District was founded in 1957 and exists as a subsidiary Special District to the City of American Canyon.

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. Fund Balances of Governmental Funds
4. Changes in Fund Balances of Governmental Funds

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

5. Assessed Actual Value of Taxable Property
6. Direct and Overlapping Property Tax Rates
7. Principal Property Taxpayers
8. 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:

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

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

14. Demographic and Economic Statistics
15. 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:

16. Full-Time Equivalent City Government Employees by Function
17. Operating Indicators by Function/Program
18. 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.

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

	For The Fiscal Years Ended June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:									
Invested in capital assets, net of related debt	$ 3,574,394	$ 8,796,308	$ 22,013,417	$ 34,983,375	$ 227,564,725	$ 250,971,443	$ 256,124,111	$ 257,279,990	$ 253,763,878
Restricted	19,526,583	22,718,268	24,818,325	41,254,502	42,782,549	17,020,361	9,033,170	7,104,451	5,545,510
Unrestricted	9,960,318	11,651,750	14,406,044	14,924,274	10,245,964	20,757,525	27,809,270	25,464,653	27,430,671
Total governmental activities net assets	$ 33,061,295	$ 43,166,326	$ 61,237,786	$ 91,162,151	$ 280,593,238	$ 288,749,329	$ 292,966,551	$ 289,849,094	$ 286,740,059
Business-type activities:									
Invested in capital assets, net of related debt	$ 15,063,969	$ 24,457,197	$ 31,643,785	$ 36,004,059	$ 43,651,150	$ 43,155,744	$ 44,253,424	$ 48,837,064	$ 47,246,749
Restricted	8,694,739	6,998,746	10,259,428	13,730,771	6,612,632	6,785,993	11,559,556	7,387,841	8,466,754
Unrestricted	6,705,245	5,459,072	4,346,820	3,849,363	4,573,795	4,707,005	4,828,423	4,976,718	4,391,198
Total business-type activities	$ 30,463,953	$ 36,915,015	$ 46,250,033	$ 53,584,193	$ 54,837,577	$ 54,648,742	$ 60,641,403	$ 61,201,623	$ 60,104,701
Primary government (City wide totals)									
Invested in capital assets, net of related debt	$ 18,638,363	$ 33,253,505	$ 53,657,202	$ 70,987,434	$ 271,215,875	$ 294,127,187	$ 300,377,535	$ 306,117,054	$ 301,010,627
Restricted	28,221,322	29,717,014	35,077,753	54,985,273	49,395,181	23,806,354	20,592,726	14,492,292	14,012,264
Unrestricted	16,665,563	17,110,822	18,752,864	18,773,637	14,819,759	25,464,530	32,637,693	30,441,371	31,821,869
Total primary government net assets	$ 63,525,248	$ 80,081,341	$ 107,487,819	$ 144,746,344	$ 335,430,815	$ 343,398,071	$ 353,607,954	$ 351,050,717	$ 346,844,760

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

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

	For The Fiscal Years Ended June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:									
Governmental activities:									
General government	$ 1,137,627	$ 1,436,274	$ 1,314,727	$ 2,010,072	$ 2,137,443	$ 2,967,301	$ 2,792,871	$ 5,925,952	$ 5,742,030
Public safety	3,933,923	4,372,464	5,720,899	6,519,301	7,569,230	7,890,538	9,528,522	9,230,672	8,995,695
Community development	863,640	1,229,717	1,723,158	2,408,385	2,070,303	2,398,727	1,931,299	2,019,771	1,922,780
Parks and recreation	1,395,391	1,600,239	1,946,230	2,160,917	2,329,591	1,881,005	2,282,212	2,028,223	1,962,488
Public works	1,074,740	1,976,079	2,365,794	3,154,375	4,363,249	3,833,395	4,195,481	3,529,403	5,000,879
Interest on long-term debt	661,671	613,322	800,248	1,307,101	1,494,237	452,048	97,246	417,421	510,893
Total governmental activities expenses	9,066,992	11,228,095	13,871,056	17,560,151	19,964,053	19,423,014	20,827,631	23,151,442	24,134,765
Business-type activities:									
Water	2,853,746	3,636,359	3,708,254	4,277,051	4,907,860	6,401,819	5,074,018	4,951,067	6,020,578
Wastewater	2,245,701	3,032,914	3,783,313	3,783,076	3,508,065	4,263,817	4,072,014	3,623,805	3,885,692
Transit	150,875	168,110	161,627	180,006	19,778	21,896	30,060	-	-
Total business-type activities expenses	5,250,322	6,837,383	7,653,194	8,240,133	8,435,703	10,687,532	9,176,092	8,574,872	9,906,270
Total City government expenses	$ 14,317,314	$ 18,065,478	$ 21,524,250	$ 25,800,284	$ 28,399,756	$ 30,110,546	$ 30,003,723	$ 31,726,314	$ 34,041,035
Program Revenues:									
Governmental activities:									
Charges for services:									
General government	$ 447,651	$ 520,438	$ 891,990	$ 1,318,594	$ 574,407	$ 2,189,873	$ 441,894	$ 536,747	$ 365,857
Public safety	784,650	1,033,041	1,188,952	1,233,993	1,035,907	960,774	1,152,729	1,051,178	813,720
Community development	1,051,428	2,086,627	1,702,797	1,920,903	1,030,340	664,775	573,456	498,947	449,493
Parks and recreation	804,241	1,399,997	559,504	814,243	555,270	376,472	362,699	373,227	491,253
Public works	1,560,826	1,695,417	3,478,602	2,126,087	825,602	476,631	252,634	80,745	127,834
Operating grants and contributions	767,668	580,863	617,845	1,247,123	7,112,187	10,800,170	165,350	342,197	196,741
Capital grants and contributions	585,531	5,855,574	16,591,942	26,671,090	953,299	2,163,102	3,381,171	1,732,699	2,454,934
Total governmental activities program revenues	6,001,995	13,171,957	25,031,632	35,332,033	12,087,012	17,631,797	6,329,933	4,615,740	4,899,832
Business-type activities:									
Charges for services:									
Water	3,120,778	3,676,016	3,514,930	3,602,305	3,901,103	4,160,383	4,232,638	4,010,648	4,761,832
Wastewater	2,126,846	2,109,236	2,330,231	2,751,242	2,901,494	3,157,260	3,373,740	3,420,812	3,581,786
Transit	9,080	8,985	9,110	9,010	5,351	3,045	2,419	-	-
Operating grants and contributions	129,600	119,818	141,041	143,371	9,009	-	-	-	-
Capital grants and contributions	2,316,597	7,484,990	11,112,300	8,878,705	3,941,030	2,934,877	1,347,892	2,597,250	1,523,559
Total business-type activities programs revenues	7,702,901	13,399,045	17,107,612	15,384,633	10,757,987	10,255,565	8,956,689	10,028,710	9,867,177
Total City government program revenues	$ 13,704,896	$ 26,571,002	$ 42,139,244	$ 50,716,666	$ 22,844,999	$ 27,887,362	$ 15,286,622	$ 14,644,450	$ 14,767,009

(Continued)

Schedule 2 -Continued

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

	For The Fiscal Years Ended June 30								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
Net(Expense)Revenue:									
Governmental activities	$ (3,064,997)	$ 1,943,862	$ 11,160,576	$ 17,771,882	$ (7,877,041)	$ (1,791,217)	$ (14,497,698)	$ (18,535,702)	$ (19,234,933)
Business-type activities	2,452,579	6,561,662	9,454,418	7,144,500	2,322,284	(431,967)	(219,403)	1,453,838	(39,093)
Total City government	$ (612,418)	$ 8,505,524	$ 20,614,994	$ 24,916,382	$ (5,554,757)	$ (2,223,184)	$ (14,717,101)	$ (17,081,864)	$ (19,274,026)
General Revenues and Other Changes in in Net Assets:									
Governmental activities:									
Taxes:									
Property taxes	$ 3,083,158	$ 3,873,957	$ 6,733,737	$ 8,297,424	$ 9,356,579	$ 10,673,890	$ 10,852,126	$ 10,162,212	$ 10,510,243
Sales taxes	1,559,258	1,802,616	1,434,077	1,660,673	1,794,124	2,446,951	2,275,741	2,888,182	2,705,763
Other taxes	1,536,865	1,139,783	813,874	785,907	784,213	2,717,561	2,905,454	1,104,662	1,330,655
Unrestricted grants and contributions	506,887	531,253	852,361	1,058,703	1,191,706	110,157	79,109	55,668	83,979
Investment earnings	670,055	551,324	244,066	453,653	885,293	1,368,236	666,535	203,205	307,741
Settlement award (Note 13)	245,662	33,536	7,519	-	-	-	7,593,000	-	
Miscellaneous	-	118,100	119,400	85,783	348,145	472,604	555,019	110,698	129,688
Transfers	8,500	110,600	(2,800,000)	(189,660)	1,068,900	483,198	(6,212,064)	893,618	1,057,829
Total governmental activities	7,610,385	8,161,169	7,405,034	12,152,483	15,428,960	18,272,597	18,714,920	15,418,245	16,125,898
Business-type activities									
Transfers	(8,500)	(110,600)	(119,400)	189,660	(1,068,900)	243,132	6,212,064	(893,618)	(1,057,829)
Total business-type activities	(8,500)	(110,600)	(119,400)	189,660	(1,068,900)	243,132	6,212,064	(893,618)	(1,057,829)
Total City government	$ 7,601,885	$ 8,050,569	$ 7,285,634	$ 12,342,143	$ 14,360,060	$ 18,515,729	$ 24,926,984	$ 14,524,627	$ 15,068,069
Change in net assets:									
Governmental activities	$ 4,545,388	$ 10,105,031	$ 18,565,610	$ 29,924,365	$ 7,551,919	$ 16,481,380	$ 4,217,222	$ (3,117,457)	$ (3,109,035)
Business-type activities	2,444,079	6,451,062	9,335,018	7,334,160	1,253,384	(188,835)	5,992,661	560,220	(1,096,922)
Total City government	$ 6,989,467	$ 16,556,093	$ 27,900,628	$ 37,258,525	$ 8,805,303	$ 16,292,545	$ 10,209,883	$ (2,557,237)	$ (4,205,957)

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

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

	General Fund				All Other Governmental Funds				
						Restricted		Unassigned	
Fiscal Year	Nonspendable	Assigned	Unassigned	Total General Fund	Nonspendable	Special Revenue	Capital Projects	Special Revenue	Total
2011	$ 2,366,735	$ 2,709,975	$ 4,233,589	$ 9,310,299	$ 552,760	$ 10,562,206	$ 140,381	$ 2,452,079	$ 13,707,426
	Reserved	Unreserved			Reserved	Designated for: Other Purposes	Unreserved, reported in		
2010	$ 4,287,304	$ 5,787,462		$ 10,074,766	$ 2,361,971	$ 1,447,000	$ 2,988,237	$ 5,780,621	$ 12,577,829
2009	2,989,559	8,337,849		11,327,408	6,027,173		4,739,327	5,107,191	15,873,691
2008	2,076,721	8,899,893		10,976,614	4,867,860		7,959,292	4,547,519	17,374,671
2007	2,912,695	5,049,883		7,962,578	3,955,073		6,005,878	17,344,047	27,304,998
2006	1,375,885	6,743,625		8,119,510	1,321,957		7,813,033	30,390,931	39,525,921
2005	809,859	7,212,803		8,022,662	1,180,815		4,775,233	17,798,038	23,754,086
2004	609,588	5,065,694		5,675,282	1,479,695		3,576,822	17,149,198	22,205,715
2003	1,249,859	3,273,972		4,523,831	1,388,570		2,959,721	13,772,176	18,120,467

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 until the 2011 fiscal year, when GASB statement Number 54 was implemented which changed the terminology used for fund balance reporting

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

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

	For the Fiscal Years ended June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Taxes	$ 5,498	$ 6,686	$ 7,543	$ 9,232	$ 11,315	$ 12,005	$ 14,165	$ 14,196	$ 14,155	$ 14,547
Special assessments						2,104	473	498	515	457
Licenses and permits	954	1,400	1,198	782	960	484	633	578	530	329
Fines and forfeits	56	68	102	121	87	137	196	178	177	131
Intergovernmental	1,540	1,636	1,291	1,248	2,683	3,549	3,032	3,163	1,286	2,147
Interest and rents	574	563	242	594	1,723	2,149	1,702	895	352	427
Charges for services	4,642	3,536	5,657	6,233	6,314	2,172	3,745	3,504	1,566	1,613
Other revenues	240	217	532	1,045	1,119	582	706	7,874	403	317
Total revenues	13,504	14,106	16,565	19,255	24,201	23,182	24,652	30,886	18,984	19,968
Expenditures:										
General government	1,057	1,126	1,310	1,463	2,136	2,182	4,577	5,117	4,587	5,004
Public safety	3,121	3,715	4,213	5,508	6,422	7,447	7,630	8,374	8,849	8,646
Parks and Recreation	1,020	1,220	1,424	1,765	1,999	2,193	1,748	2,217	2,023	1,934
Comm. Dev. and Public Works	2,194	2,439	3,267	3,805	7,632	6,057	4,974	4,933	4,231	3,909
Capital outlay	2,896	703	417	2,226	6,086	24,446	10,580	5,759	3,803	194
Debt service:										
Payment to escrow agent	-	360	-	694	-	-	-	-	-	-
Costs of issuance	447	247	-	404	902	53	-	-	-	-
Principal	100	255	255	454	420	773	351	401	439	463
Interest	489	535	579	415	974	1,390	441	469	495	511
Total expenditures	11,324	10,600	11,465	16,734	26,571	44,541	30,301	27,270	24,427	20,661
Excess of revenues over(under) expenditures	2,180	3,506	5,100	2,521	(2,371)	(21,359)	(5,648)	3,616	(5,442)	(693)
Other Financing Sources(Uses)										
Proceeds from borrowing	6,935	4,230	-	8,105	18,405	6,695	-	1,075	-	-
Sale of Affordable Hsng Site						1,218	410	371	-	-
Payments to escrow agent	-	(3,663)	-	(6,355)	-	-	-	-	-	-
Transfers in	4,296	2,006	1,313	2,552	23,623	11,471	6,064	5,003	9,535	3,609
Transfers out	(9,234)	(1,998)	(1,176)	(2,433)	(23,787)	(10,402)	(4,574)	(11,215)	(8,641)	(2,551)
Total other financing Sources(Uses)	1,997	575	137	1,869	18,241	8,982	1,900	(4,766)	894	1,058
Net change in fund balances	$ 4,177	$ 4,081	$ 5,237	$ 4,390	$ 15,870	$ (12,377)	$ (3,748)	$ (1,150)	$ (4,548)	$ 365
Debt service as a percentage of noncapital expenditures	10.1%	15.2%	7.8%	13.3%	9.5%	5.2%	2.7%	3.3%	4.0%	4.9%

Source: City of American Canyon Comprehensive Annual Financial Report

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	Prossessory Int.	Unsecured	Unknown	Total	Total Direct Rate
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	1,348,106	72,886	223,619	49,993	1,263	11,750	62,603	1,263	1,771,483	0.30%
2006-2007	1,632,628	78,370	245,592	58,882	1,262	12,742	73,975	-	2,103,451	0.29%
2007-2008	1,870,452	119,382	246,670	47,636	1,226	13,816	116,944	-	2,416,126	0.29%
2008-2009	1,740,322	133,785	321,819	54,152	1,226	14,600	107,201	-	2,373,105	0.29%
2009-2010	1,433,334	144,510	354,716	46,983	1,226	15,377	112,735	-	2,108,881	0.29%
2010-2011	1,435,443	136,599	410,527	36,245	1,226	15,844	121,972	-	2,157,856	0.28%

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 pruchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currenlty available with respect to the actual market value of taxable property and is subject to the limitations described above.
Data Source: Napa County Assessor 2001/02 - 2010/11 Combined Tax Rolls

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

	Last 10 Fiscal Years									
Agency	**2001-2002**	**2002-2003**	**2003-2004**	**2004-2005**	**2005-2006**	**2006-2007**	**2007-2008**	**2008-2009**	**2009-2010**	**2010-2011**
Basic Levy[1]	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
Napa College	0.000	0.000	0.022	0.022	0.033	0.019	0.011	0.024	0.025	0.017
Napa Valey Unified School District	0.013	0.012	0.053	0.045	0.037	0.040	0.031	0.057	0.073	0.061
Total Direct & Overlapping[2] Tax Rates	**1.013**	**1.012**	**1.075**	**1.066**	**1.070**	**1.059**	**1.042**	**1.081**	**1.099**	**1.078**
City's Share of 1% Levy per Prop 13[3]	**0.354**	**0.354**	**0.354**	**0.354**	**0.354**	**0.354**	**0.354**	**0.354**	**0.296**	**0.296**
Total Direct Rate[4]	**0.319**	**0.320**	**0.313**	**0.304**	**0.301**	**0.289**	**0.285**	**0.285**	**0.285**	**0.282**

Notes:
[1]In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addtion to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
[2]Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners.
[3]City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the city. ERAF general fund tax shifts may not be included in tax ratio figures.
[4]Total Direct Rate is the weighted average of all individual direct rates applied by the government preparing the statistical section information.
Data Source: Napa County Assessor 2001/02 - 2010/11 Combined Tax Rolls
This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of the City of American Canyon.

Schedule 7
City of American Canyon
2010/11 Top Ten Property Taxpayers
Based on Property Tax Revenue

	Secured			Unsecured			Combined		
Owner	**Parcels**	**Revenue**	**% of Revenue**	**Parcels**	**Revenue**	**% of Revenue**	**Value**	**% of Revenue**	**Primary Use & Primary Agency**
1) AmCan Beverages	1	$ 196,193	2.28%	1	$ 51,991	10.76%	$ 248,184	2.73%	Industrial American Canyon Gen Fund
2) SDG Hanna Court 411 LLC	2	131,259	1.53%				131,259	1.44%	Industrial American Canyon Gen Fund
3) Sutter Home Winery Inc	2	88,460	1.03%				88,460	97.00%	Industrial American Canyon Gen Fund
4) Scannell Properties 91 LLC	1	84,744	0.98%				84,744	93.00%	Industrial American Canyon Gen Fund
5) 5500 Eucalyptus Dr Apts	1	75,061	0.87%				75,061	0.83%	Residential American Canyon Gen Fund
6) 125 Mezzetta Court	1	60,296	0.70%				60,296	0.66%	Industrial American Canyon Gen Fund
7) Walmart Real Estate Business Tru	1	58,661	0.68%				58,661	0.65%	Commercial American Canyon Gen Fund
8) Mezzetta Court Ventures	1	31,399	0.36%	1	25,660	5.31%	57,059	0.63%	Industrial American Canyon Gen Fund
9) SDG Commerce 232 LLC	3	53,161	0.62%				53,161	0.58%	Industrial American Canyon Gen Fund
10) Butterfly Effect Hotels LLC	2	47,315	0.55%				47,315	0.52%	Commercial American Canyon Gen Fund
Top Ten Totals	**15**	**826,548**	**9.61%**	**2**	**77,652**	**16.07%**	**904,200**	**9.95%**	
City Totals		**$ 8,604,387**			**$ 483,256**		**$ 9,087,642**		

*Revenue includes Outer TRAs

Note: The 'Revenue' line for each owner is the estimated total revenue for that owner. Although these estimated calculations are performed on a parcel level, county auditor/ controllers' offices neither calculate nor apportion revenues at a parcel level.
Data Source: Napa County Assessor 2010/11 Combined Tax Rolls and the SBE Non Unitary Tax Roll

Schedule 7
City of American Canyon
2001/02 Top Ten Property Taxpayers
Based on Property Tax Revenue

	Secured			Unsecured			Combined		
Owner	**Parcels**	**Revenue**	**% of Revenue**	**Parcels**	**Revenue**	**% of Revenue**	**Value**	**% of Revenue**	**Primary Use & Primary Agency**
1) Pokka USA Inc	1	$ 33,377	1.67%	1	$ 38,389	32.33%	$ 71,766	3.39%	Unsecured American Canyon Gen Fund
2) Sutter Home Winery Inc	2	63,993	3.20%				63,993	3.02%	Industrial American Canyon Gen Fund
3) Mezzetta Court LLC	1	40,344	2.02%				40,344	1.91%	Industrial American Canyon Gen Fund
4) Davidon Homes	97	36,227	1.81%				36,227	1.71%	Vacant American Canyon Gen Fund
5) Schuler Homes of California Inc	137	28,347	1.42%				28,347	1.34%	Vacant American Canyon Gen Fund
6) Greystone Homes Inc	132	27,904	1.40%				27,904	1.32%	Vacant American Canyon Gen Fund
7) Property of California LS Corp	2	27,373	1.37%				27,373	1.29%	Industrial American Canyon Gen Fund
8) Homanap LP	1	24,431	1.22%				24,431	1.15%	Industrial American Canyon Gen Fund
9) CDI	7	23,680	1.19%				23,680	1.12%	Industrial American Canyon Gen Fund
10) Shea Homes LP	206	21,613	1.08%				21,613	1.02%	Vacant American Canyon Gen Fund
Top Ten Totals	**586**	**327,289**	**16.38%**	**1**	**38,389**	**32.33%**	**365,678**	**17.28%**	
City Totals		**$ 1,997,961**			**$ 118,723**		**$ 2,116,684**		

Note: The 'Revenue' line for each owner is the estimated total revenue for that owner. Although these estimated calculations are performed on a parcel level, county auditor/ controllers' offices neither calculate nor apportion revenues at a parcel level.
Data Source: Napa County Assessor 2001/02 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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
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%
2009	10,852,126	10,852,126	100%
2010	10,162,212	10,162,212	100%
2011	10,510,243	10,510,243	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)

	Governmental Activities				Business-type Activities				
Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Special Assessment Bonds	Capital Lease Obligations	Capital Lease Obligations	State of California and Other Loans	Total City Debt	Total City Debt as a Percentage of Personal Income	Total City Debt Per Capita
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%	1,551
2006		3,545	-	501	6,486	10,443	20,975	7.28%	1,402
2007		3,380	-	6,695	6,035	11,991	28,101	7.74%	1,753
2008		3,205	-	6,695	5,776	11,545	27,221	3.29%	1,671
2009		3,030	-	7,727	5,490	10,399	26,646	2.78%	1,615
2010		2,850	-	7,467	5,355	9,565	25,237	2.20%	1,499
2011		2,660	-	7,194	5,214	11,772	26,840	2.84%	1,363

Data Source: City of American Canyon Comprehensive Annual Financial Report

Schedule 10
City of American Canyon
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

	General Bonded Debt Outstanding				
Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Total	Percentage of Actual Taxable Value of Property	Per Capita
2002	$ -	$ 3,875,000	$ 3,875,000	0.58%	$ 344
2003	-	4,030,000	4,030,000	0.44%	327
2004	-	3,875,000	3,875,000	0.33%	295
2005	-	3,710,000	3,710,000	0.26%	259
2006	-	3,545,000	3,545,000	0.20%	237
2007	-	3,380,000	3,380,000	0.16%	211
2008	-	3,205,000	3,205,000	0.13%	197
2009	-	3,030,000	3,030,000	0.13%	184
2010	-	2,850,000	2,850,000	0.14%	169
2011	-	2,660,000	2,660,000	0.12%	135

Note: Debt service on the lease revenue bonds is financed by the use of general governmental financial resources available in the general fund and special revenue funds of the City.
Data Source: City of American Canyon Comprehensive Annual Financial Report.

Schedule 11
City of American Canyon
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011

Governmental Unit	Debt Outstanding	Percentage Applicable[1]	Share of Overlapping Debt
Debt repaid with property taxes:			
Napa Joint Community College District	$ 117,154,985	8.048%	$ 9,428,633
Napa Valley Unified School District	278,365,000	12.035%	33,500,024
City of American Canyon 1915 Act Bonds	23,080,000	100.000%	23,080,000
Other debt:			
Napa County Certificates of Participation	30,590,000	8.123%	2,484,826
Napa County Board of Education Certificate of Participation	3,475,000	8.123%	282,274
Subtotal overlapping debt			68,775,757
City of American Canyon Lease Revenue Bond			2,660,000
Total Direct and Overlapping General Fund Debt			$ 71,435,757

Ratios to Assessed Valuation:

Combined Direct Debt ($2,660,000)	**0.12%**
Combined Total Debt	3.31%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: $0

Source: California Municipal Statistics, Inc.

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

Fiscal Year	Assessed Value	Debt Limit	General Bonded Debt	Legal Debt Margin	Net Debt Margin
2002	$ 661,689,454	$ 24,813,355	$ 3,875,000	$ 20,938,355	15.62%
2003	917,336,594	34,400,122	4,030,000	30,370,122	11.72%
2004	1,140,223,355	42,758,376	3,875,000	38,883,376	9.06%
2005	1,432,458,204	53,717,183	3,710,000	50,007,183	6.91%
2006	1,770,220,281	66,383,261	3,545,000	62,838,261	5.34%
2007	2,103,991,026	78,899,663	3,380,000	75,519,663	4.28%
2008	2,416,125,517	90,604,707	3,205,000	87,399,707	3.54%
2009	2,373,105,782	88,991,467	3,030,000	85,961,467	3.40%
2010	2,108,881,346	79,083,050	2,850,000	76,233,050	3.60%
2011	2,157,856,501	80,919,619	2,660,000	78,259,619	3.29%

Notes:

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

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

Schedule 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	Debt Service Interest	Coverage
2002	$ 508,941	$ -	$ -	$ 238,689	$ 2.13
2003	582,445	-	55,000	417,613	1.23
2004	603,908	-	100,000	423,350	1.15
2005	516,039	-	105,000	256,240	1.43
2006	1,704,616	-	255,000	802,011	1.61
2007	1,667,509	-	440,000	1,222,290	1.00
2008	1,706,675	-	490,000	1,170,455	1.03
2009	1,711,386	-	505,000	1,155,572	1.03
2010	1,896,142	-	515,000	1,139,097	1.15
2011	1,757,074	-	540,000	1,120,650	1.06

State of California Water Loan

	Water Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
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
2009	4,232,638	1,174,189	3,985,190	1,421,637	49,836	31,826	17.41
2010	4,010,648	2,163,696	3,198,507	2,975,837	50,778	29,950	36.86
2011	4,761,832	1,461,935	3,532,662	2,691,105	53,642	27,970	32.97

State of California Wastewater Construction Loan

	Wastewater Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
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
2009	3,373,740	173,703	2,592,028	955,415	510,331	230,967	1.29
2010	3,420,812	433,554	2,072,946	1,781,420	510,913	217,172	2.45
2011	3,581,786	61,624	2,315,643	1,327,767	524,709	203,005	1.82

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

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

Calendar Year	Population	Median Household Income	Unemployment Rate
2002	11,270	$ 37,965	2.60%
2003	12,331	38,361	3.40%
2004	13,156	38,352	3.70%
2005	14,306	40,666	4.10%
2006	14,961	42,720	6.70%
2007	15,925	47,491	6.70%
2008	16,293	50,817	9.00%
2009	16,503	58,014	8.50%
2010	16,836	67,996	14.60%
2011	19,693	48,009	13.50%

Data Sources:
California Department of Finance
U.S. Bureau of Economic Analysis for Napa County by Calendar Year

Schedule 15
City of American Canyon
Principal Employers (Ten Largest)
Calendar Year 2011 vs Calendar Year 2006

	2011			2006		
Employer	Rank	Number Employees	Percentage of Total City Employment	Rank	Number Employees	Percentage of Total City Employment
Walmart Supercenter	1	415	8.30%			0.00%
GL Mezzetta Inc	2	300	6.00%	1	130	2.55%
AmCan Beverages	3	135	2.70%			2.55%
Safeway Inc. #1883	4	101	2.02%	2	125	2.45%
Sutter Home Winery, Inc.	5	100	2.00%	5	55	1.08%
Vineyard Brands, Inc.	6	58	1.16%			0.00%
Vinpak, Inc.	7	50	1.00%			0.00%
City of American Canyon	8	71	1.42%	4	72	1.41%
American Canyon Middle School	9	70	1.40%			0.00%
Donaldson Way Elementary School	10	60	1.20%			0.00%
Pokka USA				1	130	2.35%
Ramallah, Inc.				3	120	2.35%
C.L. Skaggs Trucking Co.				6	50	0.98%
Culligan				7	45	0.88%
Diablo Timber				8	45	0.88%
All Bay Mill & Lumber Co.				9	35	0.69%

Data Source: Business License

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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	1.20	2.50	2.00	2.10	2.10	2.10	2.10	2.10	1.85	2.15
City Clerk	2.40	1.70	1.70	1.70	1.40	1.40	1.40	1.40	1.40	1.40
Human Resources						1.50	2.00	2.00	2.00	2.00
Finance										
Finance	4.10	4.60	5.20	6.00	6.90	4.90	4.90	4.90	4.90	4.60
Information Systems	1.00	1.00	1.00	1.00	0.20	0.20	0.20	0.20	0.20	0.20
Utiltiy Billing	2.00	3.00	3.00	3.00	3.20	3.20	3.20	3.20	3.20	3.20
Public safety:										
Police		1.00	1.00	1.00	2.00	2.70	2.70	2.70	2.70	2.70
Non Departmental					1.00	0.30	1.30	1.30	1.30	1.30
Community development:										
Planning	1.60	1.00	1.00	1.00	2.00	2.00	2.20	2.20	2.20	1.60
Building and safety	4.80	6.50	6.50	6.50	6.50	6.50	8.00	8.00	8.00	3.25
Economic Development	0.60	0.40	0.30	0.40	0.70	0.40	0.40	0.40	0.40	0.45
Housing Services	0.30	0.30	0.30	0.30	0.00	0.30	0.60	0.60	0.60	0.10
City Engineer										1.30
Affordable Housing									0.25	0.25
Parks and Recreations										
Parks	5.25	5.15	6.31	6.55	6.55	6.55	5.95	5.95	5.75	5.20
Recreation	3.80	3.70	3.70	4.70	4.70	4.70	5.60	5.60	5.20	5.05
Building & Equipment Maintenance	1.00	2.00	2.00	2.00	2.00	2.00	2.05	1.00	1.10	1.15
Public works:										
Administration							4.00	4.00	4.00	4.00
Engineering	3.00	3.00	4.27	2.80	2.80	2.80	1.65	1.65	1.90	
Streets & Roads	4.05	2.55	3.72	4.70	4.70	4.70	5.85	5.85	5.35	3.45
Storm Drain	0.50	0.50	0.50	1.30	1.30	1.30	1.95	1.95	2.35	1.55
Capital Projects										2.00
Fleet								1.05	1.40	1.10
Water:										
Treatment and Distribution	8.50	7.80	8.60	10.20	10.20	10.20	9.75	9.75	9.85	9.10
Wastewater:										
Collection and Treatment	5.70	10.00	8.55	8.30	8.30	8.40	9.85	9.35	8.25	12.60
Storm Water Quality			0.05	1.05	1.05	1.05	0.35	0.50	0.50	0.45
Solid Waste								0.35	0.35	0.35
Totals	54.80	61.70	64.70	69.60	72.60	72.20	81.00	81.00	80.00	75.50

Source: Human Resources Department

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

	Fiscal Years									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Physical arrest	449	515	620	429	695	446	520	595	543	614
Traffic violations	993	936	1,861	1,162	2,377	1,557	2,035	1,897	1,817	1,748
Fire:										
Emergency responses	1,119	1,159	1,237	1,249	1,240	1,266	1,320	1,393	1,355	1,286
Structure Fires	27	43	45	27	25	17	29	20	10	16
Fire Loss (Thousand $)	125	163	534	219	455	825	400	285	279	19
Fire Engines	7	7	7	8	8	8	8	6	6	6
Inspections	210	220	230	250	264	374	171	184	261	218
Construction Inspection	800	987	700	850	800	135	120	103	111	75
Planning:										
Building permits issued	362	312	440	208	226	273	375	352	327	285
Public works:										
Miles streets resurfaced	1.61	-	-	-	-	-	1.56	0.77	0.51	-
Parks:										
Community events held	15	16	16	17	17	17	19	19	24	22
Swimming pool admissions	8,578	11,185	16,197	18,376	21,005	21,000	20,000	21,480	18,494	16,063
Water:										
Number of new services	426	640	775	868	708	423	668	732	761	711
Daily average water production in MGD	2.35	2.52	3.06	3.05	3.12	3.12	3.53	3.20	2.84	2.87
Daily average water consumption in MGD	2.30	2.50	2.54	2.55	3.93	3.93	4.06	2.88	2.46	2.67
Wastewater:										
Daily average treatment in millions gallons(MGD)	1.20	1.10	1.77	1.46	1.69	1.48	1.55	1.54	1.54	1.71

Source: Various departments within the City of American Canyon

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

	Fiscal Years									
Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	8	12	12	12	12	12	12	12	12	12
Fire										
Stations	1	1	1	1	1	2	2	2	2	2
Engines	7	7	7	8	8	8	8	8	8	8
Public works:										
Miles of streets	2.2	2.2	2.5	4.7	6.4	9.5	14.2	14.2	38.1	38.1
Streetlights	345	345	397	683	969	1,062	1,233	1,233	1,233	1,233
Traffic signals	3	3	3	3	3	4	4	4	4	4
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	2	3	3
Parks	15	15	15	15	18	20	22	22	22	22
Park acreage	52	52	52	52	70	75	79	79	79	79
Water:										
Miles of mains added	7	5	5	5	5	5	7	8	-	-
Number of services billed	3,775	3,839	4,294	4,515	4,759	4,914	5,147	5,208	5,232	5,455
Maximum plant capacity in million gallons	2.60	2.60	2.60	2.60	5.50	5.50	5.50	5.50	5.50	5.50
Storage capacity in million gallons	4.81	4.81	4.81	4.81	4.81	4.81	4.81	4.81	4.81	4.81
Wastewater:										
Miles of sewers added	5	5	5	5	5	5	5	5	-	-
Number of services billed	3,247	3,567	3,941	4,217	4,386	4,562	4,667	4,738	4,809	4,856
Maximum plant capacity in million gallons	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Recycled Water:										
Miles of pipelines added				3.96	0.28	0.35	2.53	0.00	2.45	0.00
Number of services billed						1	1	1	3	12
Storage capacity in million gallons									1.00	1.00

Source: Various departments within the City of American Canyon

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