



CITY OF AMERICAN CANYON
AND
AMERICAN CANYON FIRE PROTECTION DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR 2011-2012



Wetlands Edge Herons

American Canyon, California

www.cityofamericancanyon.org

American Canyon, California



Napa County
City of American Canyon



CITY OF AMERICAN CANYON
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2012

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Introductory Section

CITY OF AMERICAN CANYON

Napa Valley's New Destination



December 17, 2012

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of American Canyon (City) for the fiscal year ended June 30, 2012, to you. These financial statements were audited by Richardson and Company, 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 19,809 as of January 1, 2012, 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 and 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.

The voters passed measures to directly elect the Mayor in 2006 which provided for two year mayoral terms. In November 2012, the voters approved a measure increasing the Mayor's term to four years. Now, he and the other Council members serve four year staggered terms with each election alternating between two or three members 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 her 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 Great Recession was over several years ago. The recovery has been slow but there is increasing evidence of improvement. The unemployment rate during the past year was reduced by 2.4% to 11.1%. The City continues to try to find ways to facilitate a local recovery. The number of property sales has been increasing and sales tax revenues have been inching upward. The City's consultants continue to project small increases in retail sales and a slow recovery of property values. These two revenues, at 68% of total general fund revenues, are critical to supporting the cost of essential services provided by the City. After the City's share of property taxes rebounded from \$7.13 million in fiscal year 2010 to \$7.43 million in fiscal year 2011, it dropped 1.9% in fiscal year 2012 to \$7.28 million. This is a sign that the local economy is still unsettled. On a more favorable note, the City's 1% share of retail sales taxes received

from the State increased about 3% to \$2.02 million over the prior year. The most encouraging revenue continues to be the Transient Occupancy Tax (TOT) which increased almost 41% to \$935 thousand in fiscal year 2011-12 after 21% and 19% increases the prior two years. TOT revenues are a leading local economic indicator so that was especially good news. The City is receiving the benefit of regional 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 and continued on into fiscal year 2011-12. The goal was to preserve the general fund’s reserves. The plan’s cost cutting measures and revenue enhancements have favorably impacted the general fund’s financial condition. The plan included two voter approved revenue enhancements. The City’s Transient Occupancy Tax (TOT) rate was increased 2% to 12% and a \$2 per person admission tax to the City’s card room was effective beginning in January 2011. The City has enjoyed the increase in TOT revenues as noted above but the admissions tax has not been paid to-date and the matter is being litigated with the card room owners. During fiscal year 2011-12, the second year of the City’s three year General Fund structural deficit reduction plan, expenses were reduced by closing City Hall during 13 of the 15 days of unpaid furloughs, suspending cost of living increases, continuing a hiring freeze and eliminating or downsizing most city sponsored special events.

The housing sector’s past sluggish behavior is improving. Just a few years ago in the City of American Canyon, 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 continue to be unemployed contributing to the City’s relatively high but improved unemployment rate. In 2012, the rate was 11.1%, down from 13.5% the prior year.

The recession ended and economic conditions have been slowly improving. Economists’ predictions have become a little more favorable with small improvements in retail sales, housing and unemployment rates. They continue to foresee a slow economy. The City’s three year deficit elimination plan, in its 2nd year in fiscal year 2011-12 and continuing into its final year is still on track to close the deficit.

MAJOR INITIATIVES

Capital Improvement Program

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

- ✓ Newell Open Space Access: The Newell Open Space Preserve is a 640-acre property donated to the City by longtime American Canyon residents Jack and Bernice Newell and is protected through a conservation easement. To date, there has been limited public use because the only access is from private property. In 2011, the City Council affirmed a goal to provide public access for vehicles, pedestrians, bicyclists and equestrians. In July 2012, an engineering consultant began work on preliminary planning and design, and public access is scheduled to be available in 2013.
- ✓ Kensington-Kimberly Segment of the Napa River Trail: Survey crews began work in October 2012 on design of a bicycle and pedestrian trail that will be part of a 500-mile regional trail system around the San Francisco Bay. This one-mile segment will complete the American Canyon portion of the Napa River Bay Trail, which stretches from Vallejo to Napa. The final design will be completed next year, and construction will begin in 2014 if grant funding is secured.
- ✓ Broadway South Roadway Project: This project will finish improvements along Veterans Memorial Park on the west side of Broadway including a multi-use bike and pedestrian path (the Vine Trail), and a bridge over American Canyon Creek. The design work is complete, and a construction contract was awarded in November 2012, with completion anticipated in spring 2013.
- ✓ Theresa Avenue Improvements: The Theresa Avenue Sidewalk Project, Phase 2, continues the 2010 Phase 1 Safe Route to School Project and fills in the gaps near Napa Junction Elementary School. Design work was completed in summer 2012 and construction commenced in November, with completion anticipated in January 2013. The third and final phase of the project will construct curb, gutter and sidewalk from 11 Theresa Avenue north to Eucalyptus Drive. Construction of Phase 3 is slated for spring 2013.
- ✓ Napa Junction Road Improvements: In October 2012, a contract was awarded to redesign the intersection of Napa Junction Road and Highway 29. The project will widen the intersection, improve traffic flow, upsize the sewer pipeline, and relocate utilities underground. Construction is scheduled for 2014.

Water Supply

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. With last year's Sierra snowpack totals and the current reservoir storage levels, the SWP initial allocation for 2013 is 30% of our full allotment but expected to increase as seasonal conditions develop this winter. 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.

The 2010 Urban Water Management Plan (UWMP) was 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 has a long-range, comprehensive plan for meeting the needs of our water service area.

Cash Resources and Practices

The City ended the fiscal year with cash and investments totaling \$32.7 million with \$29.5 million available for City operations. The City's investments are in the State of California Local Agency Investment Fund, \$16.6 million; Money Market Mutual Funds, \$4.8 million; U.S. Government Treasury and Agency Securities, \$10.6 million; U.S. Corporate Notes, \$3.2 million; Commercial Paper, \$500 thousand and the remaining balance is in 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

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

In September 2012, the City Council approved the refinancing of the 2002 Lease Revenue Refunding Bonds with a remaining balance of \$2.465 million in order to take advantage of reduced market interest rates. New debt, totaling \$2.222 million was issued and the interest rate was reduced from 4.75% to 2.95%. It is estimated the City will save \$27,217 per year on interest costs. Net present value savings of \$188,476 are expected to be realized through 2021 when the bonds will be repaid in full.

Pension Benefits

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

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, 2012

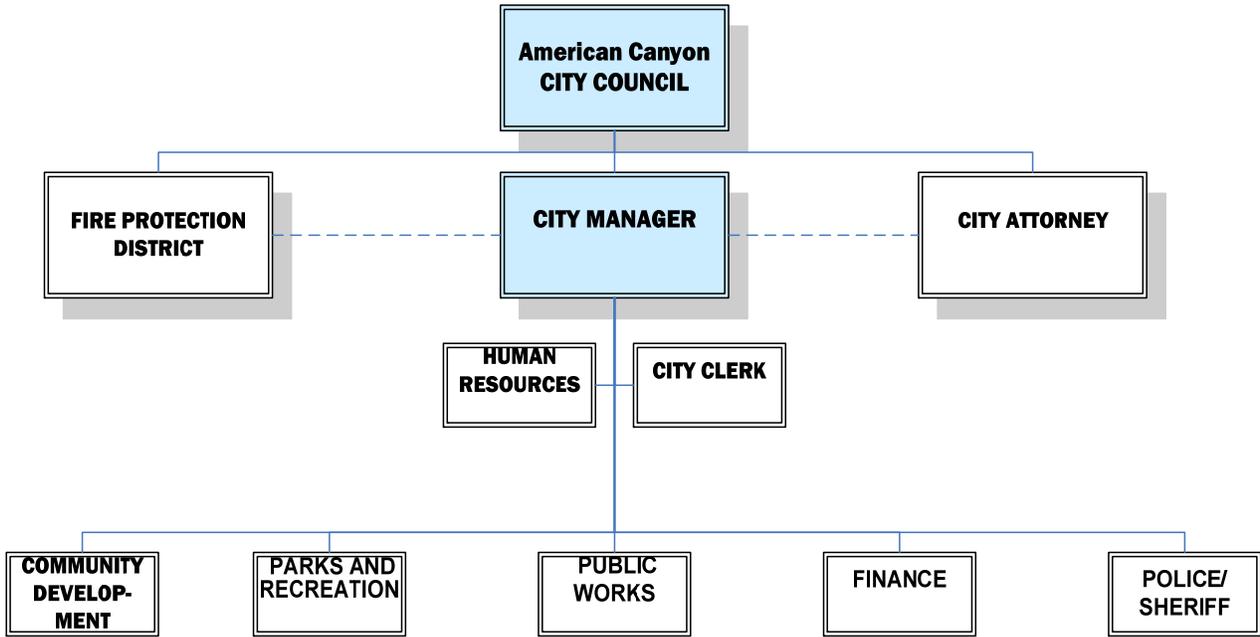
CITY COUNCIL

Mayor Leon Garcia
Vice Mayor..... Cindy Coffey
Council Member Belia Ramos Bennett
Council Member Joan Bennett
Council Member Mark Joseph

ADMINISTRATIVE PERSONNEL

City Manager Dana Shigley
Police Chief Jean Donaldson
Fire Chief Glen Weeks
City Attorney William Ross
City Clerk Rebekah Barr
Finance Director/Treasurer Barry Whitley
Public Works Director/Interim Parks and Recreation Director..... Michael Throne
Community Services Director Brent Cooper

City of American Canyon



Financial Section

Richardson & Company

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INDEPENDENT AUDITOR'S REPORT

To the City Council
City of American Canyon, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of American Canyon, California, as of and for the year ended June 30, 2012, 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 of American Canyon, California's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of American Canyon, California, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note O, correction of errors were made during the current year. Accordingly, an adjustment has been made to assets and net assets as of July 1, 2011 to correct these errors.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the

To the City Council
City of American Canyon, California

information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The supplemental budgetary comparison and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Richardson & Company

January 7, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the *City of American Canyon's* annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2012. 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 \$5.1 million over the course of this year's operations after conducting all City operations and programs. The assets of the City exceeded its liabilities by about \$342 million at the end of the 2012 fiscal year. Of that amount, \$19.1 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 \$23.4 million at June 30, 2012, an increase of \$367 thousand in comparison to the 2011 fiscal year. Of these fund balances, \$3.6 million is nonspendable, \$10 million is restricted, \$2.8 million is committed, \$1.2 million is assigned and \$5.7 million is unassigned.
- Overall City-wide revenues from all governmental and business-type activities were \$31 million, an increase of about \$1.2 million compared to the 2011 fiscal year. This amount includes \$3.3 million from grants and capital contributions.
- The City's total expense of all programs in fiscal 2012 was \$39.2 million, an increase of about \$5.2 million compared to the 2011 fiscal year.
- The general fund reported a fund balance of \$10.2 million at 2012 fiscal year end, an increase of \$0.9 million compared to 2011. The Fire District Operations Fund ended the 2012 fiscal year with a \$4 million fund balance, an increase of about \$250 thousand compared to the prior year.
- The City ended fiscal year 2012 with \$11.4 million of available net assets in its proprietary enterprise funds consisting of restricted and unrestricted assets. The City's other non-major governmental funds ended 2012 with about \$7.9 million available for special purposes; primarily infrastructure and capital asset additions.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

Figure A-1

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 and wastewater operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally. During the 2012 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$5.1 million between fiscal years 2011 and 2012.

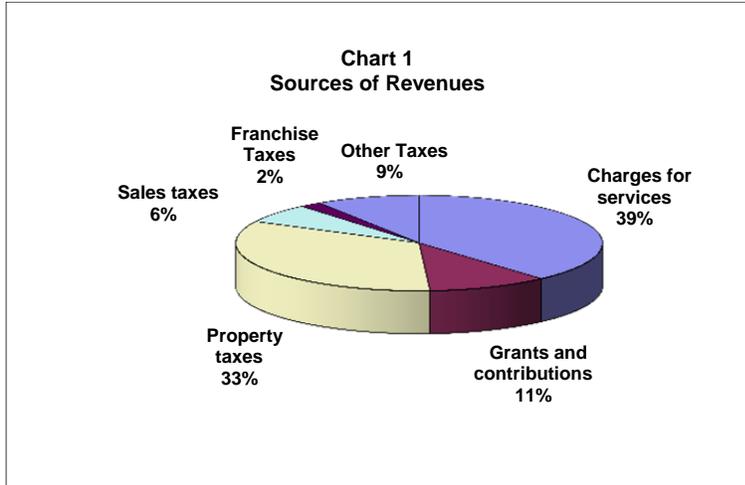
Table A-1
City of American Canyon's Net Assets
(in millions of dollars)

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>		<i>Total Percentage Change</i>
	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011-2012</u>
Current and other assets	35.9	28.6	14.4	12.8	\$ 50.3	\$ 41.4	-17.7%
Capital assets	<u>263.6</u>	<u>262.9</u>	<u>64.4</u>	<u>60.8</u>	<u>328.0</u>	<u>323.7</u>	<u>-1.3%</u>
Total assets	299.5	291.5	78.8	73.6	378.3	365.1	-3.5%
Long-term debt outstanding	9.8	10.1	17.2	10.5	27.0	20.6	-23.7%
Other liabilities	<u>2.9</u>	<u>1.9</u>	<u>1.5</u>	<u>.9</u>	<u>4.5</u>	<u>2.8</u>	<u>-37.8%</u>
Total liabilities	12.7	12.0	18.7	11.4	31.5	23.4	-25.7%
Net assets							
Invested in capital assets	253.7	253.5	47.2	50.8	301.0	304.3	1.1%
Restricted	5.5	13.6	8.5	4.7	14.0	18.3	30.7%
Unrestricted	<u>27.4</u>	<u>12.4</u>	<u>4.4</u>	<u>6.7</u>	<u>31.8</u>	<u>19.1</u>	<u>-39.9%</u>
Total net assets	<u>286.7</u>	<u>279.5</u>	<u>60.1</u>	<u>62.2</u>	<u>\$346.8</u>	<u>\$341.7</u>	<u>-1.5%</u>

Net assets of the City's governmental and business-type activities decreased 1.5% to \$341.7 million. About 89% of the City's net assets are invested in capital assets such as buildings, land, equipment and facilities. The remaining 11% is essentially represented by cash, investments and receivables. About 88% of the City's total liabilities are represented by long-term obligations including lease revenue bonds, capital leases and loans from the State of California and the cities of Napa and 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 2011-12 totaled \$31.1 million, an increase of \$1.3 million or 4% over the prior year. The increase was primarily routine variances from operations. These included a reimbursement of legal expenses of \$534 thousand, increased property rental revenue of \$114 thousand, an increase in Transient Occupancy Taxes of \$306 thousand due to increased marketing efforts and more interest in Napa Valley tourist attractions

MANAGEMENT'S DISCUSSION AND ANALYSIS

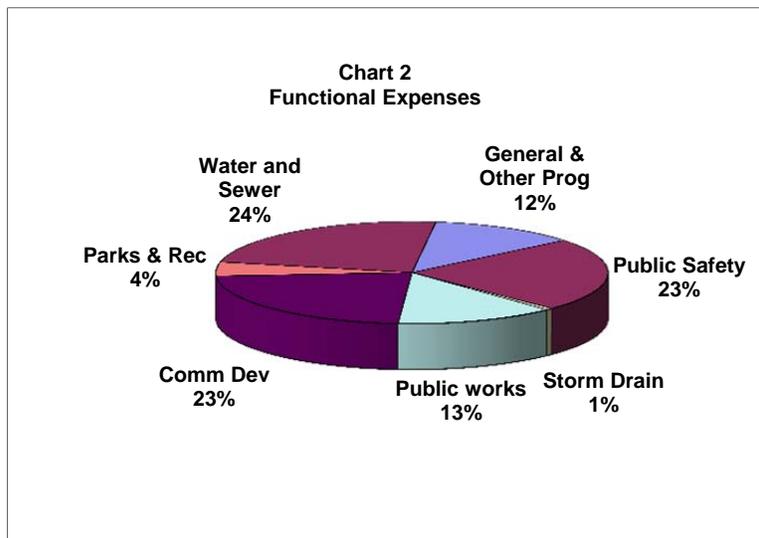


over the prior year, an increase in franchise taxes of \$39 thousand or 7.1%, an increase in charges for services of \$1.323 million mainly due to developer project activity. The City's primary source of revenue is property taxes which totaled \$10.3 million or 33% of total revenues for the year. These increases were partially offset by a decrease in property taxes of \$167 thousand due to further decreases in assessed values by the County Assessor. Also, sales taxes decreased by \$681 thousand. General fund sales tax increased by \$68 thousand but was offset by

a decrease in flood control activities funded by the one-half percent Measure A sales tax. About \$8.3 million or 27% of all City revenues were from water and wastewater service fees and capacity fees.

The total cost of all programs and services in 2012 was \$39 million which paid for a wide range of services including public safety, public works, community development, parks and recreation programs, storm drain, water and wastewater treatment plants and related distribution and collection systems. Major types of expenditures by function are shown in chart 2. As summarized in Table A-2, for fiscal year 2011-12, expenses increased 14.7%. Governmental activities expenses increased by \$5.8 million mainly due a write-off of \$7.4 million of housing loans which exceeded the properties' market values and for which there was no chance of recovery. Without the write-off, expenses decreased over 7%. Business type activities decreased \$655 thousand.

Historically, the City's largest operating expense is for public safety services. For fiscal year 2012, the City's cost to provide police and fire protection services was \$9.1 million. These expenditures accounted for 23% of the City's total operating expenses. The water and wastewater enterprises comprised 24% of total expenses. The public works and Storm Drain cost centers accounted for 14% of expenses while the Community Development department accounted for 23% of expenses. The remaining 16% was spent on parks and recreation programs and general City administration.



MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental		Business Type		Total		Total
	Activities		Activities				Percentage
	2011	2012	2011	2012	2011	2012	Change
							2011-2012
Revenues							
Program Revenues							
Charges for services	2.3	3.7	8.3	8.3	10.6	12.0	13.2%
Grants and Contributions	2.6	2.3	1.5	1.0	4.1	3.3	-19.5%
General Revenues							
Property Taxes	10.5	10.3	0.0	0.0	10.5	10.3	-1.9%
Sales taxes	2.7	2.0	0.0	0.0	2.7	2.0	-25.9%
Franchise taxes	0.6	0.6	0.0	0.0	0.6	0.6	0.0%
Other	1.3	2.8	0.0	0.1	1.3	2.9	123.1%
Total revenues	20.0	21.7	9.8	9.4	29.8	31.1	4.4%
Expenses							
General Government	5.7	4.3	0.0	0.0	5.7	4.3	-24.6%
Public Safety	9.0	9.1	0.0	0.0	9.0	9.1	1.1%
Public Works	4.8	5.1	0.0	0.0	4.8	5.1	6.3%
Community Development	1.9	8.9	0.0	0.0	1.9	8.9	368.4%
Parks and Recreation	2.0	1.7	0.0	0.0	2.0	1.7	-15.0%
Storm Drain	0.2	0.2	0.0	0.0	0.2	0.2	0.0%
Water	0.0	0.0	6.0	4.9	6.0	4.9	-18.3%
Wastewater	0.0	0.0	3.9	4.4	3.9	4.4	12.8%
Other	0.5	0.4	0.0	0.0	0.5	0.4	-20.0%
Total expenses	24.1	29.7	9.9	9.3	34.0	39.0	14.7%
Excess (deficient) before Transfers	-4.1	-8.0	0.0	0.1	-4.2	-7.9	88.1%
Transfers	1.1	1.1	-1.1	-1.1	0.0	0.0	0.0%
Inc (dec) in net assets	-3.0	-6.9	-1.1	-1.0	-4.2	-7.9	88.1%
Net Assets, beginning	289.8	286.8	61.2	60.1	351	346.8	-1.2%
Restatement		-0.1		3.1		3.0	0.0%
Net Assets, Ending	286.8	279.8	60.1	62.2	346.8	341.9	-1.4%

When all operations were concluded, governmental activities created a \$7.0 million decrease in net assets and business activities decreased \$1 million for 2012.

City Program Costs

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

The cost of all programs this year was \$39 million, compared to \$34 million in fiscal year 2011; about a 14.79% increase for the year. For governmental activities, program costs increased \$5.6 million or about 23.2% increase in overall program costs. Except for the loan write-off expense of \$7.4 million, costs would have decreased by \$1.6 million or 6.5%. Water and wastewater program costs decreased \$655 thousand or 7% in overall program costs.

Governmental Activities

As detailed on the Statement of Activities, the City's governmental program expenses totaled \$29.9 million during the year. Program revenues, including grants, totaled \$5.9 million leaving the City to fund the balance, \$24 million with general revenues. Program revenues and expenses increased \$1.1 million and \$5.6 million respectively over the prior year. The expense of governmental services was paid by those who directly benefited from or used the program(s), about \$3.7 million while other governments and grantors paid \$2.3 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 \$1.1 million over the prior fiscal year. In fiscal year 2012, revenues decreased about \$590 thousand or 6% compared to the prior year. The main reason was a decrease in capacity fees of \$510 thousand compared to the prior year. Water consumption revenues decreased 1% compared to 2011 while wastewater service charges also decreased 1% compared to the prior year.

Water fund expenses decreased by \$1.1 million or 18% compared to fiscal year 2011. A major factor was depreciation expense which was reduced to \$1.3 million from \$2.0 million the prior year due to a catch up adjustment. Wastewater expenses increased \$470 thousand, a 11% increase from the prior year. The increase is due to solids removal maintenance costs which consisted of dredging, removing, dewatering, off-hauling and disposing approximately 350 dry tons of sludge from collection pond #1 and the Wetlands Levee repair at the Wastewater Treatment Plant. Other contributing events were the emergency sewer main repair at Airport Road and a motor replacement at the Tower Road Pump Station.

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Cost of City of American Canyon's Programs
(in thousands of dollars)**

	Total Cost of Services		Percentage Change
	2011	2012	2011 vs 2012
Public Safety	\$ 8,996	\$ 9,148	1.7%
Public Works	5,001	5,147	2.9%
Parks and Recreation	1,962	1,745	-11.1%
Community Development	1,923	8,904	363.0%
Water	6,021	4,895	-18.7%
Wastewater	3,886	4,356	12.1%
All Others	6,244	4,969	-20.4%
Total	<u>\$ 34,033</u>	<u>\$ 39,164</u>	<u>15.1%</u>

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As the City completed the year, its governmental funds reported a combined fund balance of \$23.4 million, about \$367 thousand more than the prior year. The City's general fund had a deficiency of revenues over expenditures of \$618 thousand before other financing sources. After including interfund transfers, there is a surplus of \$1.66 million. The general fund revenues increased by \$1.1 million or 8.7% compared to fiscal year 2011. Expenditures decreased by 6.5% or \$995 thousand compared to the prior year. The fund balance of the Fire District's Operations fund increased by \$254 thousand or 6.8% as a result of fiscal year 2012 operations.

The City's non-major governmental funds ended the fiscal year with a consolidated fund balance of \$9.2 million, not including \$1.3 million of negative unassigned fund balance in the civic facilities impact fee fund caused by senior center construction expenses that exceeded the fund's available resources. The total fund balance of \$9.2 million is restricted with externally enforceable legal restrictions. The water and wastewater enterprises ended the year with \$10.7 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 million less than final budget amounts. The largest expense in the general fund, police services, increased 1.7% to \$5.3 million in fiscal year 2012. However, general fund expenses decreased by 6.5% over the prior year as a result of cost cutting measures in accordance with the Structural Deficit Elimination Plan approved by the City Council.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2012, the City had invested \$324 million (net of accumulated depreciation) in a broad range of capital assets, including land, vehicles, equipment, the water and wastewater systems, streets, and other capital assets (See Table A-4). This amount represents a net decrease, after additions and deductions, of about \$4.4 million or 1.3 percent compared to the prior year. Additional information can be found in the notes to the financial statements.

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

	Governmental Activities		Business Type		Total		Total
			Activities				Percentage
	2011	2012	2011	2012	2011	2012	2011-2012
Land	\$ 6.8	6.8	1.6	1.6	8.4	\$ 8.4	0.0%
Construction in Progress	2.0	1.2	2.5	2.1	4.5	3.3	-26.7%
Buildings & Improvements	45.3	45.0	4.0	3.9	49.3	48.9	-0.8%
Machinery & Equipment	1.2	0.9	0.2	0.1	1.4	1.0	-28.6%
Water Utility System			31.0	29.1	31.0	29.1	-6.1%
Wastewater Utility System			25.1	24.0	25.1	24.0	-4.4%
Infrastructure System	208.3	209.0			208.3	209.0	-0.3%
Total	\$ 263.6	262.9	64.4	60.8	328.0	\$ 323.7	-1.3%

Long - Term Debt

At the end of 2012, the City had about \$17.9 million in long-term debt obligations outstanding. The City's component-unit, fire protection district has no long-term debt obligations. Of the \$17.9 million, \$9 million relates to City's business-type activities and the remaining \$8.9 million is applicable to governmental type financing activities.

For business-type activities, major long-term debt year end balances are \$1.1 million for the water system; \$7 million state revolving loan for construction of the City's wastewater treatment plant facility constructed in 2003; \$1.8 million for the purchase of additional water capacity from the City of Vallejo; and a \$350 thousand loan balance with the City of Napa to pay for the City's share of costs of the North Bay Aqueduct Alternate Intake Project. 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 \$2.5 million of 2002 lease revenue bonds issued to refund 1997 bonds to construct the City gym and aquatic center; \$6.2 million capital lease to purchase a commercial office building that was transformed into City Hall; and \$752 thousand remaining on a capital lease for the purchase of property bordering City Hall to the north. Additional information about the City's long-term obligations can be found in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Great Recession came to an end several years ago but its impacts linger on. While it was distressing to City operations at the time, a plan was implemented to preserve general fund reserves and conserve resources throughout the City. According to the UCLA Anderson forecast of December 2012, there will be economic improvements in 2013 which will follow more modest growth in California which occurred in 2012. For 2013, there will be a continuing economic recovery with the housing industry leading the way. Employment is expected to grow 1.3% and real personal income growth is forecast to be 1.8% in 2013.

Locally, similarly to the State, the economy has been improving over the past year and further growth is expected. Property values have bottomed out and in some cases, have increased. While property tax revenues were down in fiscal year 2011-12 by 1.9% compared to the prior year, they are expected to rebound in fiscal year 2013. General Fund sales tax revenues were up 3% and are expected to continue upward at that rate or greater. There have been more visitors to the City as evidenced by the growth in transient occupancy tax which reflects very favorably on the local economy. This growth is key to generating revenues to pay for services that American Canyon residents expect from the City and staff continues to promote economic development. Disappointedly, over the past twelve months, there has not been much interest in available commercial sites in American Canyon. Transient occupancy taxes, a growing source of revenue for the City and often regarded as a leading economic indicator, has been doing much better than expected. Overall, City staff believes that the local economy is improving and is hopeful about a more robust economic recovery in the next 12 to 24 months.

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.

BASIC FINANCIAL STATEMENTS

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CITY OF AMERICAN CANYON
Statement of Net Assets
June 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 18,820,610	\$ 10,706,595	\$ 29,527,205
Restricted cash	2,835,515	312,456	3,147,971
Taxes receivable	734,915		734,915
Accounts receivable, net	773,033	1,694,261	2,467,294
Interest receivable	104,313	9,611	113,924
Due from other governments	553,887		553,887
Property held for resale	1,293,552		1,293,552
Other assets	42,642		42,642
Loans receivable, net	3,219,050		3,219,050
Net OPEB asset	244,454	109,071	353,525
Capital assets:			
Non-depreciable	170,250,559	3,711,529	173,962,088
Depreciable, net of accumulated depreciation	92,610,393	57,038,354	149,648,747
Total capital assets	262,860,952	60,749,883	323,610,835
TOTAL ASSETS	291,482,923	73,581,877	365,064,800
LIABILITIES			
Accounts payable	996,221	341,801	1,338,022
Accrued expenses	137,163	190,175	327,338
Accrued interest payable		198,955	198,955
Deposits	615,016	175,385	790,401
Net OPEB liability	179,638		179,638
Long-term liabilities:			
Due within one year			
Bonds, capital leases and contracts	496,986	1,315,645	1,812,631
Compensated absences	533,340	126,829	660,169
Claims and judgments	159,541		159,541
Due in more than one year			
Bonds, capital leases and contracts	8,879,773	9,025,630	17,905,403
Compensated absences		29,984	29,984
TOTAL LIABILITIES	11,997,678	11,404,404	23,402,082
NET ASSETS			
Invested in capital assets, net of related debt	256,004,095	50,758,608	306,762,703
Restricted for:			
Public safety	775,443		775,443
Debt service	450,221	312,456	762,677
Public works	6,921,867		6,921,867
Planning and building	5,400,845		5,400,845
Other activities	37,527	4,411,030	4,448,557
Unrestricted	9,895,247	6,695,379	16,590,626
TOTAL NET ASSETS	\$ 279,485,245	\$ 62,177,473	\$ 341,662,718

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

CITY OF AMERICAN CANYON
Statement of Activities
For the Year Ended June 30, 2012

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government				
Governmental Activities				
General government	\$ 4,309,153	\$ 212,295		
Public safety	9,147,931	974,398	\$ 235,284	
Public works	5,147,027	472,786		\$ 2,050,628
Community development	8,903,969	940,899		
Parks and recreation	1,745,163	381,657		
Storm drain	211,634	668,734		
Interest on long-term debt	448,057			
TOTAL GOVERNMENTAL ACTIVITIES	<u>29,912,934</u>	<u>3,650,769</u>	<u>235,284</u>	<u>2,050,628</u>
Business-type activities				
Water	4,894,501	4,705,561		1,007,276
Wastewater	4,356,356	3,558,663		5,905
Total business-type activities	<u>9,250,857</u>	<u>8,264,224</u>	<u>-</u>	<u>1,013,181</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 39,163,791</u>	<u>\$ 11,914,993</u>	<u>\$ 235,284</u>	<u>\$ 3,063,809</u>

General revenues:

Taxes:
Property taxes, levied for general purposes
Franchise taxes
Sales taxes
Other taxes
Unrestricted investment earnings
Other
Transfers, net
Total general revenues, special items, and transfers
Change in net assets
Net assets, beginning of year - as previously reported
Restatement
Net assets, beginning of year - as restated
Net assets, end of year

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

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

Governmental Activities	Business-type Activities	Total
\$ (4,096,858)		\$ (4,096,858)
(7,938,249)		(7,938,249)
(2,623,613)		(2,623,613)
(7,963,070)		(7,963,070)
(1,363,506)		(1,363,506)
457,100		457,100
(448,057)		(448,057)
<u>(23,976,253)</u>		<u>(23,976,253)</u>
	\$ 818,336	818,336
	(791,788)	(791,788)
<u>-</u>	<u>26,548</u>	<u>26,548</u>
<u>(23,976,253)</u>	<u>26,548</u>	<u>(23,949,705)</u>
10,343,648		10,343,648
585,412		585,412
2,024,495		2,024,495
1,630,152		1,630,152
274,619	66,177	340,796
875,336		875,336
1,110,118	(1,110,118)	
<u>16,843,780</u>	<u>(1,043,941)</u>	<u>15,799,839</u>
(7,132,473)	(1,017,393)	(8,149,866)
286,740,059	60,104,701	346,844,760
(122,341)	3,090,165	2,967,824
<u>286,617,718</u>	<u>63,194,866</u>	<u>349,812,584</u>
<u>\$ 279,485,245</u>	<u>\$ 62,177,473</u>	<u>\$ 341,662,718</u>

CITY OF AMERICAN CANYON
Balance Sheet
Governmental Funds
June 30, 2012

	<u>Major Funds</u>				
	<u>General Fund</u>	<u>Fire District Operations Fund</u>	<u>Affordable Housing Capital Projects</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 7,654,608	\$ 4,061,927	\$ 763,757	\$ 6,340,318	\$ 18,820,610
Restricted cash				2,835,515	2,835,515
Taxes receivable	600,966	69,199		64,750	734,915
Accounts receivable, net	773,033				773,033
Interest receivable	93,838	3,491	694	6,290	104,313
Due from other governments				553,887	553,887
Due from other funds	537,245				537,245
Advances to other funds	1,350,520				1,350,520
Property held for resale	740,792		552,760		1,293,552
Other assets	41,954	688			42,642
Loans receivable, net	235,836		2,265,000	718,214	3,219,050
	<u>\$ 12,028,792</u>	<u>\$ 4,135,305</u>	<u>\$ 3,582,211</u>	<u>\$ 10,518,974</u>	<u>\$ 30,265,282</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 827,583	\$ 118,220	\$ 888	\$ 49,530	\$ 996,221
Accrued expenses	92,923	44,240			137,163
Deferred revenue	261,277		2,265,000	718,214	3,244,491
Deposits	615,016				615,016
Due to other funds				537,245	537,245
Advances from other funds				1,350,520	1,350,520
TOTAL LIABILITIES	<u>1,796,799</u>	<u>162,460</u>	<u>2,265,888</u>	<u>2,655,509</u>	<u>6,880,656</u>
Fund balances:					
Nonspendable:					
Property held for resale	740,792		552,755		1,293,547
Long-term receivables and other assets	41,954				41,954
Advances to other funds	1,350,520				1,350,520
Loans receivable	940,665				940,665
Restricted for:					
Public safety				775,443	775,443
Public works				6,921,867	6,921,867
Debt service				450,221	450,221
Planning and building			763,568	1,030,832	1,794,400
Other activities	37,527				37,527
Committed	1,449,532	1,387,400			2,836,932
Assigned	1,110,230	103,000			1,213,230
Unassigned	4,560,773	2,482,445		(1,314,898)	5,728,320
TOTAL FUND BALANCES	<u>10,231,993</u>	<u>3,972,845</u>	<u>1,316,323</u>	<u>7,863,465</u>	<u>23,384,626</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 12,028,792</u>	<u>\$ 4,135,305</u>	<u>\$ 3,582,211</u>	<u>\$ 10,518,974</u>	<u>\$ 30,265,282</u>

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

CITY OF AMERICAN CANYON
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2012

Total fund balance, governmental funds \$ 23,384,626

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets. 262,860,952

Revenues which are deferred on the Fund Balance Sheets, because they are not available currently, are taken into revenue in the Statement of Activities 3,244,491

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

Long-term debt	(9,376,759)
Compensated absences	(533,340)
Other post-employment benefits	64,816
Uninsured claims	<u>(159,541)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS \$ 279,485,245

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

CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>Major Funds</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Fire District Operations Fund</u>	<u>Affordable Housing Capital Projects</u>	<u>Other Governmental Funds</u>	
REVENUES					
Property taxes	\$ 7,274,070	\$ 3,039,717			\$ 10,313,787
Sales taxes	2,024,495			\$ 668,734	2,693,229
Other taxes	1,675,360	590,003			2,265,363
Special assessments				434,526	434,526
Fines and forfeitures	203,080				203,080
Licenses and permits	337,469				337,469
Intergovernmental	139,502			980,849	1,120,351
Charges for services	866,939	85,550		98,790	1,051,279
Investment earnings	494,633	13,223	\$ 3,781	40,384	552,021
Other	653,533	105,745		3,555	762,833
TOTAL REVENUES	<u>13,669,081</u>	<u>3,834,238</u>	<u>3,781</u>	<u>2,226,838</u>	<u>19,733,938</u>
EXPENDITURES					
Current:					
General government	3,670,165				3,670,165
Public safety	5,333,242	3,563,462			8,896,704
Public works	1,913,922			687,095	2,601,017
Community development	1,334,741		128,720	1,804	1,465,265
Parks and recreation	1,597,416				1,597,416
Storm drain	211,634				211,634
Debt Service:					
Principal				477,547	477,547
Interest and other charges				487,631	487,631
Capital outlay	226,299	16,744		704,392	947,435
TOTAL EXPENDITURES	<u>14,287,419</u>	<u>3,580,206</u>	<u>128,720</u>	<u>2,358,469</u>	<u>20,354,814</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(618,338)</u>	<u>254,032</u>	<u>(124,939)</u>	<u>(131,631)</u>	<u>(620,876)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,344,487			1,683,679	4,028,166
Transfers out	(682,114)			(2,235,934)	(2,918,048)
TOTAL OTHER FINANCING SOURCES AND USES	<u>1,662,373</u>			<u>(552,255)</u>	<u>1,110,118</u>
NET CHANGE IN FUND BALANCES	1,044,035	254,032	(124,939)	(683,886)	489,242
Fund balances, beginning of year - as previously reported	9,310,299	3,718,813	1,441,262	8,547,351	23,017,725
Restatement	(122,341)				(122,341)
Fund balances, beginning of year - as restated	<u>9,187,958</u>	<u>3,718,813</u>	<u>1,441,262</u>	<u>8,547,351</u>	<u>22,895,384</u>
FUND BALANCES, END OF YEAR	<u>\$ 10,231,993</u>	<u>\$ 3,972,845</u>	<u>\$ 1,316,323</u>	<u>\$ 7,863,465</u>	<u>\$ 23,384,626</u>

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

CITY OF AMERICAN CANYON

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2012**

Net change in fund balances - total governmental funds: \$ 489,242

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

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

Capital outlay	947,435
Contributed capital	1,651,024
Depreciation expense	(3,355,691)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. (7,096,177)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments. 477,547

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Compensated absences	10,311
Other post-employment benefits	(96,623)
Uninsured claims	(159,541)
	(159,541)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (7,132,473)

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

CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	REVENUES			
Property Taxes	\$ 7,682,000	\$ 7,382,000	\$ 7,274,070	\$ (107,930)
Sales taxes	1,988,000	1,988,000	2,024,495	36,495
Other taxes	1,305,500	1,305,500	1,675,360	369,860
Fees and fines	180,100	180,100	203,080	22,980
Licenses and permits	777,700	777,700	337,469	(440,231)
Intergovernmental	105,000	148,498	139,502	(8,996)
Charges for services	934,600	1,027,600	866,939	(160,661)
Investment earnings	331,450	391,450	494,633	103,183
Other	53,800	97,800	653,533	555,733
TOTAL REVENUES	<u>13,358,150</u>	<u>13,298,648</u>	<u>13,669,081</u>	<u>370,433</u>
EXPENDITURES				
Current:				
General government	4,400,670	4,451,270	3,670,165	781,105
Public safety	5,324,390	5,341,390	5,333,242	8,148
Public works	2,057,681	2,022,935	1,913,922	109,013
Community development	1,456,530	1,689,979	1,334,741	355,238
Culture and recreation	1,896,190	2,024,390	1,597,416	426,974
Storm drain	173,370	222,370	211,634	10,736
Capital outlay	72,938	234,100	226,299	7,801
TOTAL EXPENDITURES	<u>15,381,769</u>	<u>15,986,434</u>	<u>14,287,419</u>	<u>1,699,015</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,023,619)</u>	<u>(2,687,786)</u>	<u>(618,338)</u>	<u>2,069,448</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,719,900	4,890,822	2,344,487	2,546,335
Transfers out	(2,677,800)	(2,677,800)	(682,114)	(1,995,686)
TOTAL OTHER FINANCING SOURCES AND USES	<u>42,100</u>	<u>2,213,022</u>	<u>1,662,373</u>	<u>550,649</u>
NET CHANGE IN FUND BALANCES	<u>(1,981,519)</u>	<u>(474,764)</u>	<u>1,044,035</u>	<u>(1,518,799)</u>
Fund balances, beginning of year, as restated	<u>9,187,958</u>	<u>9,187,958</u>	<u>9,187,958</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 7,206,439</u>	<u>\$ 8,713,194</u>	<u>\$ 10,231,993</u>	<u>\$ (1,518,799)</u>

CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Fire District Operations Fund
For the year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property Taxes	\$ 3,249,750	\$ 3,249,750	\$ 3,039,717	\$ (210,033)
Other taxes	550,000	550,000	590,003	40,003
Charges for services	126,000	126,000	85,550	(40,450)
Investment earnings	18,500	18,500	13,223	(5,277)
Other	40,000	40,000	105,745	65,745
TOTAL REVENUES	<u>3,984,250</u>	<u>3,984,250</u>	<u>3,834,238</u>	<u>(150,012)</u>
EXPENDITURES				
Current:				
Public safety	4,090,500	4,094,500	3,563,462	531,038
Principal	120,000	120,000		120,000
Capital outlay	575,000	571,000	16,744	554,256
TOTAL EXPENDITURES	<u>4,785,500</u>	<u>4,785,500</u>	<u>3,580,206</u>	<u>1,205,294</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(801,250)</u>	<u>(801,250)</u>	<u>254,032</u>	<u>1,055,282</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from capital leases	550,000	550,000		550,000
Transfers in	200,000			-
Transfers out	(200,000)			-
TOTAL OTHER FINANCING SOURCES AND USES	<u>550,000</u>	<u>550,000</u>	<u>-</u>	<u>550,000</u>
SPECIAL ITEM				
NET CHANGE IN FUND BALANCES	(251,250)	(251,250)	254,032	(505,282)
Fund balances, beginning of year	<u>3,718,813</u>	<u>3,718,813</u>	<u>3,718,813</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,467,563</u>	<u>\$ 3,467,563</u>	<u>\$ 3,972,845</u>	<u>\$ (505,282)</u>

CITY OF AMERICAN CANYON
Statement of Net Assets
Proprietary Funds
June 30, 2012

	Enterprise Funds		Total
	Water	Wastewater	
ASSETS			
Current assets:			
Cash and investments	\$ 4,399,809	\$ 6,306,786	\$ 10,706,595
Accounts receivable, net	1,264,788	429,473	1,694,261
Interest receivable	3,828	5,783	9,611
Total current assets	<u>5,668,425</u>	<u>6,742,042</u>	<u>12,410,467</u>
Non-current assets:			
Restricted cash		312,456	312,456
Net OPEB asset	61,973	47,098	109,071
Advances to other funds		5,238,251	5,238,251
Capital assets:			
Non-depreciable	1,833,525	1,878,004	3,711,529
Depreciable, net of accumulated depreciation	29,841,523	27,196,831	57,038,354
Total non-current assets	<u>31,737,021</u>	<u>34,672,640</u>	<u>66,409,661</u>
TOTAL ASSETS	<u>37,405,446</u>	<u>41,414,682</u>	<u>78,820,128</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	227,183	114,618	341,801
Accrued expenses	14,708	175,467	190,175
Accrued interest payable	10,500	188,455	198,955
Deposits	131,200	44,185	175,385
Compensated absences, current portion	54,536	72,293	126,829
Bonds, notes and loans payable, current portion	762,219	553,426	1,315,645
Total current liabilities	<u>1,200,346</u>	<u>1,148,444</u>	<u>2,348,790</u>
Non-current liabilities:			
Advances from other funds	5,238,251		5,238,251
Compensated absences	1,217	28,767	29,984
Bonds, notes and loans payable	2,599,231	6,426,399	9,025,630
Total non-current liabilities	<u>7,838,699</u>	<u>6,455,166</u>	<u>14,293,865</u>
TOTAL LIABILITIES	<u>9,039,045</u>	<u>7,603,610</u>	<u>16,642,655</u>
NET ASSETS			
Invested in capital assets, net of related debt	28,663,598	22,095,010	50,758,608
Restricted for:			
Debt service		312,456	312,456
Capacity expansion	3,197,905	1,213,125	4,411,030
Unrestricted	(3,495,102)	10,190,481	6,695,379
TOTAL NET ASSETS	<u>\$ 28,366,401</u>	<u>\$ 33,811,072</u>	<u>\$ 62,177,473</u>

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

CITY OF AMERICAN CANYON
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Enterprise Funds		Total
	Water	Wastewater	
OPERATING REVENUES			
Charges for services	\$ 4,409,869	\$ 3,481,220	\$ 7,891,089
Other	299,654	77,443	377,097
TOTAL OPERATING REVENUES	<u>4,709,523</u>	<u>3,558,663</u>	<u>8,268,186</u>
OPERATING EXPENSES			
Employee services	952,945	1,475,264	2,428,209
Maintenance and operations	2,221,972	1,428,740	3,650,712
Depreciation	1,336,424	1,263,897	2,600,321
TOTAL OPERATING EXPENSES	<u>4,511,341</u>	<u>4,167,901</u>	<u>8,679,242</u>
OPERATING INCOME (LOSS)	<u>198,182</u>	<u>(609,238)</u>	<u>(411,056)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest and investment revenue	34,660	174,767	209,427
Interest expense	(530,372)	(188,455)	(718,827)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>(495,712)</u>	<u>(13,688)</u>	<u>(509,400)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(297,530)</u>	<u>(622,926)</u>	<u>(920,456)</u>
Capital contributions	1,007,276	5,905	1,013,181
Transfers in	54,885	382,497	437,382
Transfers out	(741,000)	(806,500)	(1,547,500)
CHANGE IN NET ASSETS	<u>23,631</u>	<u>(1,041,024)</u>	<u>(1,017,393)</u>
Net assets, beginning of year - as previously reported	25,472,121	34,632,580	60,104,701
Restatement	2,870,649	219,516	3,090,165
Net assets, beginning of year - as restated	<u>28,342,770</u>	<u>34,852,096</u>	<u>63,194,866</u>
TOTAL NET ASSETS, END OF YEAR	<u>\$ 28,366,401</u>	<u>\$ 33,811,072</u>	<u>\$ 62,177,473</u>

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

CITY OF AMERICAN CANYON
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2012

	Enterprise Funds		Total
	Water	Wastewater	
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 4,571,487	\$ 3,554,394	\$ 8,125,881
Cash paid to suppliers	(2,859,293)	(1,485,500)	(4,344,793)
Cash paid to employees and related benefits	(925,471)	(1,428,664)	(2,354,135)
CASH PROVIDED BY OPERATING ACTIVITIES	786,723	640,230	1,426,953
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Amounts received (paid) to other funds	(538,903)	(571,215)	(1,110,118)
CASH PROVIDED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(538,903)	(571,215)	(1,110,118)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital expenditures	(7,852)	(61,046)	(68,898)
Capital revenues received	731,276	5,905	737,181
Principal paid on long-term liabilities	(1,075,209)	(538,876)	(1,614,085)
Interest paid on long-term liabilities	(387,674)	(203,005)	(590,679)
CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(739,459)	(797,022)	(1,536,481)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	36,482	172,821	209,303
INCREASE (DECREASE) IN CASH AND INVESTMENTS	(455,157)	(555,186)	(1,010,343)
Cash and investments, beginning of year	4,854,966	7,174,428	12,029,394
CASH AND INVESTMENTS, END OF YEAR	\$ 4,399,809	\$ 6,619,242	\$ 11,019,051
RECONCILIATION OF CASH AND INVESTMENTS TO THE STATEMENT OF NET ASSETS:			
Cash and investments	4,399,809	6,306,786	10,706,595
Restricted cash and investments		312,456	312,456
CASH AND INVESTMENTS	\$ 4,399,809	\$ 6,619,242	\$ 11,019,051
RECONCILIATION OF OPERATING (LOSS) INCOME TO CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating income (loss)	\$ 198,182	\$ (609,238)	\$ (411,056)
Adjustments to reconcile operating income (loss) to cash provided by operating activities:			
Depreciation and amortization	1,336,424	1,263,897	2,600,321
Postemployment benefit accrual	22,095	34,273	56,368
Changes in operating assets and liabilities:			
Accounts and other receivables	(138,036)	(4,269)	(142,305)
Accounts payable and accrued expenses	(644,821)	(56,760)	(701,581)
Deposits	7,500		7,500
Compensated absences	5,379	12,327	17,706
CASH PROVIDED BY OPERATING ACTIVITIES	\$ 786,723	\$ 640,230	\$ 1,426,953
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES:			
Donated capital assets	\$ (276,000)		\$ (276,000)

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

CITY OF AMERICAN CANYON
Statement of Fiduciary Net Assets
Fiduciary Funds
As of June 30, 2012

	<u>Total Agency Funds</u>
ASSETS	
Cash and investments	\$ 1,844,044
Restricted cash and investments	1,791,640
Interest receivable	<u>1,287</u>
TOTAL ASSETS	<u><u>\$ 3,636,971</u></u>
LIABILITIES	
Agency obligations	<u>\$ 3,636,971</u>
TOTAL LIABILITIES	<u><u>\$ 3,636,971</u></u>

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

The American Canyon Financing Authority and American Canyon Fire Protection District are legally separate entities for which the City is financially accountable and they are governed by the elected City Council. The Authority was formed to provide a method of financing public improvements, and the Fire District became part of the City when it was incorporated in 1992. The 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.

Basis of Presentation

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

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

Government-wide Statements: The Statement of Net 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.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category —*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major individual governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

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

Major Funds

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

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

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

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

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

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

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

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE A – 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.

Basis of Accounting

The government-wide, proprietary financial statements and fiduciary fund 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 ninety days after year-end, except property taxes, which are considered available if collected within sixty days. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

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

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

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.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 exchange or exchange-like transactions between functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Property Tax Revenues

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

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

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

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.

Assets Held for Resale

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

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

Compensated absences activity was as follows for the year ended June 30, 2012:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Beginning balance	\$ 543,651	\$ 139,107	\$ 682,758
Additions	493,928	139,969	633,897
Payments	<u>(504,239)</u>	<u>(122,263)</u>	<u>(626,502)</u>
Ending balance	<u>\$ 533,340</u>	<u>\$ 156,813</u>	<u>\$ 690,153</u>
Current portion	<u>\$ 533,340</u>	<u>\$ 126,829</u>	<u>\$ 660,169</u>

New Pronouncements

In June, 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net assets reporting requirements of Statement No. 34 by incorporating deferred inflows and outflows into the definitions of the required components of residual measure and by renaming that measure as net position, rather than net assets. The provisions of the Statement are effective for periods beginning after December 15, 2011.

In March 2012, the GASB issued Statement No. 65, *Items Previously Reporting as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for periods beginning after December 15, 2012.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability on the statement of net position and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement will require the City to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the PERS plan. This Statement requires the use of the entry age normal method to be used with each period's service cost determined as a level percentage of pay and requires certain other changes to compute the pension liability and expense. This Statement also requires revised and new note disclosures and required supplementary information (RSI) to be reported by employers. The provisions of this Statement are effective for periods beginning after June 15, 2014.

NOTE B – BUDGETS AND BUDGETARY ACCOUNTING

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

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

NOTE C – CASH AND INVESTMENTS

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

Policies

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

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE C – CASH AND INVESTMENTS (Continued)

Classification

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

Cash and investments	\$ 29,527,205
Restricted cash and investments	3,147,971
Total cash and investments of primary government	<u>32,675,176</u>
Cash and investments in Fiduciary Funds	1,844,044
Restricted cash and investments in Fiduciary Funds	<u>1,791,640</u>
Total cash and investments	<u><u>\$ 36,310,860</u></u>

Cash and investments as of June 30, 2012 consist of the following:

Cash on hand	2,580
Deposits with financial institutions	524,942
Investments:	
Held by City	31,156,183
Held by ficsal agents	<u>4,627,155</u>
Total cash and investments	<u><u>\$ 36,310,860</u></u>

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

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.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE C – CASH AND INVESTMENTS (Continued)

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE C – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or 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

Interest Rate Risk

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

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE C – CASH AND INVESTMENTS (Continued)

Authorized Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
California Local Agency Investment Fund	\$ 16,647,978			\$ 16,647,978
Money Market Mutual Funds	4,763,776			4,763,776
U.S. Government Agency Obligations	669,068	\$ 4,085,343	\$ 2,685,430	7,439,841
U.S. Corporate Obligations	585,170	1,554,206	1,137,884	3,277,260
U.S. Treasury Notes	457,202	1,010,021	1,687,816	3,155,039
Commercial paper	499,444			499,444
Total investments	23,622,638	6,649,570	5,511,130	35,783,338
Cash on hand	2,580			2,580
Cash in bank	524,942			524,942
Total cash and investments	\$ 24,150,160	\$ 6,649,570	\$ 5,511,130	\$ 36,310,860

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The total fair value amount invested by all public agencies in LAIF is \$60,588,263,603, managed by the State Treasurer. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by the State Statute. At June 30, 2012, these investments matured in an average of 270 days.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE C – CASH AND INVESTMENTS (Continued)

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following are credit ratings issued by Moody's as of June 30, 2012:

Investment Type	Aaa	Aa 2	Aa 3	P-1	A1, A2	Total
Money Market Mutual Funds (U.S. Securities)	\$ 4,627,155					\$ 4,627,155
U.S. Government Agencies	7,439,841					7,439,841
U.S. Corporate Obligations Commercial paper	794,232	\$ 520,620	\$ 674,685		\$ 1,287,723	3,277,260
				\$ 499,444		499,444
Totals	<u>\$12,861,228</u>	<u>\$ 520,620</u>	<u>\$ 674,685</u>	<u>\$ 499,444</u>	<u>\$ 1,287,723</u>	15,843,700
<i>Not rated:</i>						
California Local Agency Investment Fund						16,647,978
Money Market Mutual Funds						136,621
Cash on hand						2,580
Cash in banks						524,942
<i>Exempt from credit rate disclosure:</i>						
U.S. Treasury Notes						3,155,039
Total cash and investments						<u>\$ 36,310,860</u>

Concentration of Credit Risk

The investment policy of the City has no limitations on the amount that can be invested in any one issuer beyond what is stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury obligations, mutual funds and external investment pools) that represent 5% or more of total City investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At June 30, 2012, all non-interest bearing accounts are fully insured, so the City had no bank balances above the federally insured limit.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE D – INTERFUND TRANSACTIONS

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

Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2012 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	71,514 (B)
Special Revenue Funds:		
Storm Drainage	General Fund	295,342 (A)
	City Capital Projects Fund	11,202 (B)
	Wastewater Enterprise Fund	382,497 (A)
Gas Tax	General Fund	371,542 (A)
	City Capital Projects Fund	317,557 (B)
	Park Improvement Capital Projects Fund	3,085 (B)
State Supplemental Law Enforcement	General Fund	100,721 (A)
La Vigne Landscape and Lighting	General Fund	27,685 (A)
Abandoned Vehicle	General Fund	1,697 (A)
State and Federal Grants - City Funds	City Capital Projects Fund	311,106 (B)
	Water Enterprise Fund	54,885 (B)
	City Capital Projects Fund	39,400 (B)
Capital Projects Funds:		
Park Improvement	2002 Lease Revenue Bonds Debt Service Fund	315,000 (C)
	City Capital Projects Fund	3,263 (B)
Traffic Impact	City Capital Projects Fund	952 (B)
Enterprise Funds:		
Water	General Fund	741,000 (A)
Wastewater	General Fund	806,500 (A)
		<u>\$ 4,465,548</u>

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

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

June 30, 2012

NOTE D – INTERFUND TRANSACTIONS (Continued)

Current Interfund Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2012, the following funds have interfund balances.

Fund Making Loan	Fund Receiving Loan	Amount
General Fund	Non-Major Special Revenue Funds:	
	State and Federal Grants - City Fund	\$ 78,136
	Storm Drainage	436,994
	State Supplemental Law Enforcement	22,115
	Total Due To/Due From Other Funds	\$ 537,245

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, 2012, \$1,350,520 was outstanding including accrued interest of \$96,354. This loan accrues interest at 3% per year to be repaid when funds are available.

In December 2009, the Wastewater Enterprise Fund advanced the Water Enterprise Fund \$4,907,024 for the Green Island Road Recycled Waterline project, Recycled Water Pump Station upgrade and other various construction projects. As of June 30, 2012, \$5,238,251 was outstanding including accrued interest of \$331,227. This loan accrues interest at 3% per year to be repaid when funds are available.

NOTE E – LOANS RECEIVABLE

At June 30, 2012, the City had the following loans receivable:

BEGIN Program	\$ 9,335,822
Mid Peninsula Housing Coalition Loan	2,265,000
CDBG Housing Rehabilitation Program	718,214
Employee Home Purchase Assistance	135,836
Hess Construction Loan	100,000
	12,554,872
Valuation allowance	(9,335,822)
Loans, net	\$ 3,219,050

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE E – LOANS RECEIVABLE (Continued)

BEGIN Program

The City was awarded \$1,080,000 (\$30,000 each for 36 homes) from the State of California on August 17, 2005, plus an additional \$6,038,900, from Mid-Peninsula Housing Coalition (MPHC), a non-profit organization, to grant loans to qualified low-income home buyers at Vineyard Place, a subdivision comprised of 45 single-family detached homes. Loan payments are deferred for the life of the loan, or until the homeowner sells the home, whichever occurs sooner. The loans will be forgiven, in stages, commencing in the 26th year of the loan, and totally forgiven after 30 years. As of June 30, 2012, residents owed the City \$9,335,822 in loans offered by this program, which includes \$2,276,922 of accrued interest.

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

Mid Peninsula Housing Coalition Loan

The City loaned the Mid-Peninsula Housing Coalition (MPHC) \$2,265,000 for the construction of above mentioned homes. As part of the agreement, the City will receive a residual share of the increase in value of the homes, if any.

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, 2012, there were 4 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.

CDBG Housing Rehabilitation Program

The City administers a Housing Rehabilitation Loan Program using the Housing and Community Development Act funds. Under this program, residents with incomes below a certain level are eligible to receive low interest loans, secured by deeds of trust, for construction work on their homes. Federal grants are used to fund these loans. Upon approval of loans, the City disburses the funds, and arranges for and collects repayments. These loans generally have interest rates of 3%, although some are zero interest rate loans, and are generally due upon transfer of the home or refinancing. As of June 30, 2012, residents owed the City \$718,214 in loans offered by this Program, including accrued interest.

Hess Construction Loan

At June 30, 2012, Hess Construction owed the City \$100,000. The loan accrues interest at 5% and is due on October 1, 2014. Effective July 1, 2012, the principal balance was reduced by \$13,000, in exchange for the borrower foregoing rent on the building currently housing the library.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE F – CAPITAL ASSETS

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

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

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. No interest was capitalized during the fiscal year ended June 30, 2012.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE F – CAPITAL ASSETS (Continued)

Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance at June 30, 2011	Additions	Retirements	Transfers	Balance at June 30, 2012
<u>Governmental Activities</u>					
Capital assets, not being depreciated:					
Land	\$ 6,793,338				\$ 6,793,338
Infrastructure - street right of ways	162,284,085				162,284,085
Construction in progress	1,959,128	\$ 124,547		\$ (910,539)	1,173,136
Total capital assets, not being depreciated	171,036,551	124,547	-	(910,539)	170,250,559
Capital assets, being depreciated:					
Buildings and improvements	49,120,293			180,521	49,300,814
Machinery and equipment	5,947,545	86,174	\$ (109,297)		5,924,422
Infrastructure - streets and storm drains	64,752,707	2,387,738		730,018	67,870,463
Total capital assets, being depreciated	119,820,545	2,473,912	(109,297)	910,539	123,095,699
Less accumulated depreciation for:					
Buildings and improvements	(3,795,862)	(495,364)			(4,291,226)
Machinery and equipment	(4,731,690)	(369,300)	109,297		(4,991,693)
Infrastructure - streets and storm drains	(18,711,360)	(2,491,027)			(21,202,387)
Total accumulated depreciation	(27,238,912)	(3,355,691)	109,297	-	(30,485,306)
Capital assets being depreciated, net	92,581,633	(881,779)	-	910,539	92,610,393
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$263,618,184	\$ (757,232)	\$ -	\$ -	\$262,860,952

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE F – CAPITAL ASSETS (Continued)

	Balance at June 30, 2011	Additions	Retirements	Transfers	Balance at June 30, 2012
<u>Business-Type Activities</u>					
Capital assets, not being depreciated:					
Land and improvements	\$ 1,642,993				\$ 1,642,993
Construction in progress	2,452,540	\$ 61,046		\$ (445,050)	2,068,536
Total capital assets, not being depreciated	4,095,533	61,046	-	(445,050)	3,711,529
Capital assets, being depreciated:					
Buildings and improvements	6,827,336				6,827,336
Water treatment and distribution	39,141,994	283,852		445,050	39,870,896
Equipment	1,401,935				1,401,935
Wastewater treatment and collection	33,720,708				33,720,708
Total capital assets, being depreciated	81,091,973	283,852	-	445,050	81,820,875
Less accumulated depreciation for:					
Buildings and improvements	(2,792,095)	(179,804)			(2,971,899)
Water treatment and distribution	(9,553,334)	(1,243,638)			(10,796,972)
Equipment	(1,209,402)	(91,255)			(1,300,657)
Wastewater treatment and collection	(8,627,369)	(1,085,624)			(9,712,993)
Total accumulated depreciation	(22,182,200)	(2,600,321)	-	-	(24,782,521)
Capital assets being depreciated, net	58,909,773	(2,316,469)	-	445,050	57,038,354
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	\$63,005,306	\$(2,255,423)	\$ -	\$ -	\$60,749,883

Project Commitments

At June 30, 2012, the City had outstanding commitments with contractors for the following projects:

Project	Remaining Commitment
Parks projects	\$ 123,935
Transportation projects	353,730
American Canyon Road E. Assessment District	21,302
Water projects	2,341
Wastewater projects	955
	<u>\$ 502,263</u>

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

June 30, 2012

NOTE F – CAPITAL ASSETS (Continued)

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. These contributions are accounted for as revenues at the time the capital assets are contributed. During the year ended June 30, 2012, the City received developer donated infrastructure totaling \$1,651,024.

Depreciation Allocation

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

	<u>Depreciation</u>
Governmental Activities:	
General government	\$ 472,366
Public safety - Police	48,783
Public safety - Fire	218,559
Parks and recreation	124,956
Public works	<u>2,491,027</u>
Total Governmental Activities	<u>\$ 3,355,691</u>
Business-type Activities:	
Water	\$ 1,336,424
Wastewater	<u>1,263,897</u>
Total Business-type Activities	<u>\$ 2,600,321</u>

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE G – 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.

Current Year Transactions and Balances

	Original Issue Amount	Balance June 30, 2011	Additions	Retirements	Balance June 30, 2012	Current Portion
<u>Governmental Activity Debt</u>						
2002 Lease Revenue Bonds						
1.30-4.45%, due 06/01/22	\$ 4,230,000	\$ 2,660,000		\$ (195,000)	\$ 2,465,000	\$ 200,000
Capital Lease - City Hall Facility						
4.54%, due 05/01/32	6,695,000	6,345,000		(185,000)	6,160,000	195,000
Capital Lease - Broadway Properties						
4.57%, due 08/22/2018	1,075,000	849,306		(97,547)	751,759	101,986
Total Governmental Long-Term Debt		9,854,306	-	(477,547)	9,376,759	\$ 496,986
Less: Amount due within one year		(477,546)			(496,986)	
Total Governmental Long-Term Debt, Net		\$ 10,331,852	\$ -	\$ (477,547)	\$ 8,879,773	
<u>Business-type Activity Debt</u>						
State of California Davis-Grunsky Loan						
2.5%, due 12/31/27	\$ 2,050,000	\$ 1,118,780		\$ (54,983)	\$ 1,063,797	\$ 56,357
State Water Resources Control Board, State Revolving Fund Loan						
2.7%, due 07/15/22	10,859,470	7,518,701		(538,876)	6,979,825	553,426
City of Vallejo Note Payable						
6.0%, due 12/31/14	2,783,655	2,783,655		(1,020,226)	1,763,429	673,898
City of Napa Note Payable						
4.0%, due 09/30/2017	350,000	350,000			350,000	31,964
Total Business-type Long-Term Debt		11,771,136	-	(1,614,085)	10,157,051	\$ 1,315,645
Less: Amount due within one year		1,762,354			(1,315,645)	
Add: Unamortized deferred interest on Davis-Grunsky Loan		195,738		(11,514)	184,224	
Total Business-type Activity Debt		\$ 10,204,520	\$ -	\$ (1,625,599)	\$ 9,025,630	

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE G – LONG-TERM DEBT (Continued)

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%, and interest is payable each June 1 and December 1, ranging from \$7,006 to \$54,816. Principal is due each June 1, through 2022, ranging from \$200,000 to \$295,000.

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. The terms of the lease require annual principal payments of \$185,000 to \$455,000 and semi-annual interest payments of \$10,329 to \$144,031 through May 1, 2032, which includes interest at 4.54%. The cost of the asset is \$6,804,780 and accumulated depreciation is \$1,134,130 at June 30, 2012.

Capital Lease – Broadway Properties

In July 2008, the City entered into a lease purchase financing for \$1,075,000 to purchase property adjacent to City Hall. The primary purpose was to provide access to City Hall from Napa Junction Road and it also provides additional parking and is available for future civic purposes. The terms of the lease requires semi-annual payments of \$67,340 through August 22, 2018, which includes interest at 4.57%. The cost of the asset is \$1,085,590 at June 30, 2012.

State of California Davis – Grunsky Loan

The City obtained a loan in an original amount of \$2,050,000 from the State of California Department of Water Resources under the Davis-Grunsky Act for the purpose of financing water system improvements. Interest payments are due each July 1 and January 1 through January 1, 2027, ranging from \$3,004 to \$13,870. Principal payments are due each January 1, through 2027, ranging from \$54,983 to \$132,835. The City makes repayments from its water enterprise fund from available resources.

State of California Revolving Fund Loan

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE G – LONG-TERM DEBT (Continued)

City of Vallejo Note Payable

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

City of Napa Note Payable

In fiscal year 2010, the City entered into a loan with the City of Napa to pay for participation in environmental analysis, planning, and design associated with the North Bay Aqueduct Alternate intake project and environmental analysis. The loan amount totals \$350,000 with a stated interest rate of 4%. Principal and interest payments totaling \$38,964 are due semi-annually beginning March 31, 2013 through September 20, 2017.

Debt Service Requirements

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

For the Year Ending June 30	Governmental Activities				Business-type Activities	
	Outstanding Bonds		Capital Leases		Principal	Interest
	Principal	Interest	Principal	Interest		
2013	\$ 200,000	\$ 109,633	\$ 296,986	\$ 312,359	\$ 1,315,646	\$ 326,108
2014	210,000	101,833	311,627	298,865	1,407,457	266,261
2015	220,000	93,433	326,479	284,705	1,085,558	202,682
2016	230,000	84,303	341,552	269,871	731,453	171,309
2017	240,000	74,528	356,856	254,353	752,036	150,725
2018-2022	1,365,000	199,225	1,528,259	1,047,059	3,710,164	452,966
2023-2027			1,670,000	706,197	1,101,579	55,663
2028-2032			2,080,000	291,922	53,158	1,330
Totals	\$ 2,465,000	\$ 662,955	\$ 6,911,759	\$ 3,465,331	\$ 10,157,051	\$ 1,627,044

Special Assessment Debt Without City Commitment

At June 30, 2012, the outstanding principal amount of bonded debt issued by special assessment districts in the City was as follows:

2004 A Reassessment Revenue Bonds	\$ 6,105,000
2005 Infrastructure Revenue Bonds	16,420,000

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE H – NET ASSETS AND FUND BALANCES

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

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

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

Fund Balance

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

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

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

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

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

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

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE H – NET ASSETS AND FUND BALANCES (Continued)

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

The City Council and Fire District Board has established a contingency reserve to pay expenditures caused by unforeseen emergencies or shortfalls caused by revenue declines, extraordinary opportunities to increase efficiency or add value and to eliminate any short-term borrowing for cash flow purposes. In addition, the Council and Board have established a Catastrophic Reserve to be used in the event of a disaster or to replace equipment and buildings damaged due to an unusual event or accident. Such circumstances are considered nonroutine.

Minimum Fund Balance Policies - The City's Budget and Fiscal Policy provides for annual contributions to reserves established in previous years as follows:

The City's General Fund and the Fire District contingency reserves will be increased by a minimum of 3% of the total salary of the General Fund until it reaches 20% of the operating annual budget. The Economic Development Reserve was established at \$750,000 and will be increased by a minimum of 10% each year, if resources are available, until it reaches \$5 million.

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE H – NET ASSETS AND FUND BALANCES (Continued)

	General	Fire Operations	Affordable Housing	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances					
Nonspendables:					
Advances to other funds	\$ 1,350,520				\$ 1,350,520
Loans receivable	940,665				940,665
Property held for resale	740,792		\$ 552,755		1,293,547
Long-term receivables and other assets	41,954				-
	41,954				41,954
Total Nonspendables	<u>3,073,931</u>	<u>-</u>	<u>552,755</u>	<u>-</u>	<u>3,626,686</u>
Restricted:					
Public safety				\$ 775,443	775,443
Public works				6,921,867	6,921,867
Debt service				450,221	450,221
Planning and building			763,568	1,030,832	1,794,400
Other	37,527				37,527
Total Restricted	<u>37,527</u>	<u>-</u>	<u>763,568</u>	<u>9,178,363</u>	<u>9,979,458</u>
Committed:					
Contingency	400,000	\$ 872,400			1,272,400
Catastrophe	950,000	515,000			1,465,000
Traffic offenses	99,532				99,532
Total Committed	<u>1,449,532</u>	<u>1,387,400</u>	<u>-</u>	<u>-</u>	<u>2,836,932</u>
Assigned:					
Vehicle replacement	315,300				315,300
Economic development	220,000				220,000
Pavement repair	400,000				400,000
General plan update	174,930				174,930
Technology		103,000			103,000
	<u>1,110,230</u>	<u>103,000</u>	<u>-</u>	<u>-</u>	<u>1,213,230</u>
Unassigned:	<u>4,560,773</u>	<u>2,482,445</u>	<u>-</u>	<u>(1,314,898)</u>	<u>5,728,320</u>
Total Fund Balance	<u>\$ 10,231,993</u>	<u>\$ 3,972,845</u>	<u>\$ 1,316,323</u>	<u>\$ 7,863,465</u>	<u>\$ 23,384,626</u>

Fund Equity Deficits

The Civic Facilities Capital Project Fund had a deficit fund balance of \$1,314,898 at June 30, 2012.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE I – DEFERRED COMPENSATION PLAN

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

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

NOTE J – PENSION PLAN

Plan Description: The City contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. All permanent and part-time employees working at least 1,000 hours per year are enrolled in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor multiplied by their highest average monthly salary over 12 consecutive months of employment. Benefit provisions and all other requirements are established by State statute. The establishment and amendment of specific benefit provisions of the Plan is authorized by resolution of the City Council. PERS requires plans with less than 100 active participants to participate in risk pools. The City participated in the Miscellaneous 2% at 55 Risk Pool, the Safety 3% at 50 Risk Pool, and the Safety Second Tier 3% at 55 Risk Pool. Copies of the PERS annual financial report may be obtained from their Executive Office at 400 P Street, Sacramento, CA 95814.

Contributions: Participants in the Plan are required to contribute 7% to 9% of their annual covered salary. The City is required to contribute to PERS at an actuarially determined rate. The rate for the year ended June 30, 2012 was 13.833%, 32.778%, and 21.252% of the annual covered payroll for the Miscellaneous, Safety, and Safety Second Tier plans, respectively. The contribution requirement of plan members and the City are established and may be amended by PERS. The City's contributions for the years ended June 30, 2012, 2011 and 2010 were \$1,203,787, \$1,031,452, and \$1,038,617, respectively, which was equal to the required contributions.

NOTE K – OTHER POST EMPLOYMENT BENEFITS

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE K – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

As of June 30, 2012, there were 20 participants receiving these health care benefits.

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, 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) 7.35% investment rate of return, (b) 3.00% projected annual salary increase, and (c) health care cost trend rate of 5% for medical. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the City and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the City and plan members to that point. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The actuarial value of assets is based upon the balance in the CERBT Trust. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period on a closed basis.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE K – OTHER POST EMPLOYMENT BENEFITS (Continued)

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.

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, 2012, the City contributed \$132,000 to the Plan, and funded pay-as-you-go premiums of \$158,423. 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, 2011	\$ 527,502
Annual required contribution (ARC)	471,900
Interest on net OPEB asset	(40,900)
Adjustment to annual required contribution	33,400
Annual OPEB cost	<u>464,400</u>
Contributions:	
Contributions to CERBT	132,000
City's portion of current year premiums paid	158,423
Total Contributions	<u>290,423</u>
Decrease in net OPEB asset	<u>(173,977)</u>
Net OPEB asset at June 30, 2012	<u><u>\$ 353,525</u></u>

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated June 30, 2011, amounted to \$6,357,600. The AAL is partially funded since assets have been transferred into CERBT.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE K – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

Fiscal Year	Annual Required OPEB Cost (AOC)	Annual Contribution	Percentage of APC Contributed	Net OPEB Obligation (Asset)
06/30/10	\$ 438,200	\$ 469,500	107%	\$ (597,038)
06/30/11	469,300	399,764	85%	(527,502)
06/30/12	464,400	290,423	62%	(355,525)

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
6/30/2007		\$ 3,897,000	\$ 3,897,000	0.00%	\$ 4,713,606	82.68%
6/30/2010	\$ 1,323,200	5,429,600	4,106,400	24.37%	5,592,900	73.42%
6/30/2011	1,743,300	6,357,600	4,614,300	27.42%	5,036,100	91.62%

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, 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 are 4.5% to 9.0% 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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE K – OTHER POST EMPLOYMENT BENEFITS (Continued)

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.

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, 2012, the District contributed \$173,000 to the Plan, and funded pay-as-you-go premiums of \$109,736. 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, 2011	\$ 200,624
Annual required contribution (ARC)	258,596
Interest on net OPEB asset	18,875
Adjustment to annual required contribution	<u>(15,721)</u>
Annual OPEB cost	261,750
Contributions:	
Contributions to CERBT	173,000
City's portion of current year premiums paid	<u>109,736</u>
Total Contributions	282,736
Decrease in net OPEB obligation	<u>(20,986)</u>
Net OPEB obligation at June 30, 2012	<u><u>\$ 179,638</u></u>

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated June 30, 2010, amounted to \$2,863,822. The AAL is partially funded since assets have been transferred into CERBT.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE K – OTHER POST EMPLOYMENT BENEFITS (Continued)

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

Fiscal Year	Annual Required OPEB Cost (AOC)	Actual Contribution	Percentage of AOC Contributed	Net OPEB Obligation (Asset)
06/30/10	\$ 277,482	\$ 286,979	103%	\$ 230,943
06/30/11	253,842	284,161	112%	200,624
06/30/12	261,750	282,736	108%	179,638

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
6/30/2008		\$2,531,000	\$ 2,531,000	0.00%	\$1,650,824	153.32%
6/30/2010	\$ 197,531	2,636,360	2,438,829	7.49%	1,732,102	140.80%

NOTE L – RISK MANAGEMENT

Coverages

The City is a member of the Association of Bay Area Governments (ABAG), which provides general and auto liability coverage of \$5,000,000 above the City's deductible of \$25,000 per occurrence. ABAG 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, 2012, the City contributed \$193,479 for current year coverage.

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE L – RISK MANAGEMENT (Continued)

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

The component unit Fire Protection District of the City obtains general liability insurance through its membership in the ABAG. The District transfers the risk of loss to the Authority and is covered by the Authority up to \$10,000,000 per occurrence with an aggregate limit of \$10,000,000. The Authority also provides property coverage with a deductible of \$25,000 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.

Liability for Uninsured Claims

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

	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Year Ended</u> <u>June 30, 2010</u>
Unpaid claims, beginning of fiscal year	\$ 84,523	\$ 41,937	\$ 10,407
Incurred claims (including IBNRs)	130,473	42,586	38,856
Claim payments	<u>(55,455)</u>	<u> </u>	<u>(7,326)</u>
Unpaid claims, end of fiscal year	<u>\$ 159,541</u>	<u>\$ 84,523</u>	<u>\$ 41,937</u>

For the years ended June 30, 2012, 2011, and 2010, the amount of settlements did not exceed insurance coverage.

In fiscal year 2011, the City settled a lawsuit which results in a payment of \$575,000 in fiscal year 2012. This amount was recorded as a general government expense in 2011. The City filed a claim with their insurance company and received reimbursement of \$533,827 in fiscal year 2012, which has been recorded as miscellaneous revenue.

NOTE M – 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, 2012, 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.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE M – OTHER COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

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

The City has an agreement with the Napa County Flood Control and Water Conservation District (Napa Flood) to acquire water from the California State Water Project through the year 2035. Each year, the State determines the capital and operating costs associated with Napa Flood’s share of the North Bay Aqueduct as well a charge dependent on water deliveries. The City’s share of these costs is approximately 18%. The City is obligated to pay the capital component even if does not receive water. The amount paid under this contract in fiscal year 2012 was \$1.4 million, of which \$753,000 was related to the capital component. A similar payment will be required each year through 2035.

NOTE N – SUBSEQUENT EVENTS

On October 5, 2012, the City refinanced the 2001 Lease Revenue Bonds through the issuance of a 2012 Refunding Facilities Lease totaling \$2,222,000.

NOTE O – RESTATEMENTS

The City discovered items related to June 30, 2011 and prior years that warrant adjustment as of June 30, 2012. As a result of these prior period adjustments, the net assets and fund balance reported on the statement of activities and statement of revenues and expenditures as of July 1, 2011 have been restated as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net assets and fund balance as of July 1, 2011, as previously reported	\$ 286,740,059	\$ 60,104,701
Record amortization of future water rights purchased from another agency		(165,786)
Remove long-term contract to purchase water recorded as a capital lease		3,429,157
Recognize prior year interest on interfund loan		219,516
Write off uncollectable accounts receivable from prior years	(122,341)	
Correct accrual of expenses		(392,722)
Total adjustments	<u>(122,341)</u>	<u>3,090,165</u>
Net assets and fund balance as of July 1, 2011, as restated	<u>\$ 286,617,718</u>	<u>\$ 63,194,866</u>

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2012

NOTE O – RESTATEMENTS (Continued)

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>General Fund</u>
Net assets and fund balance as of July 1, 2011, as previously reported	\$ 25,472,121	\$ 34,632,580	\$ 9,310,299
Record amortization of future water rights purchased from another agency	(165,786)		
Remove long-term contract to purchase water recorded as a capital lease	3,429,157		
Recognize prior year interest on interfund loan		219,516	
Write off uncollectable accounts receivable from prior years			(122,341)
Correct accrual of expenses	(392,722)		
Total adjustments	<u>2,870,649</u>	<u>219,516</u>	<u>(122,341)</u>
Net assets and fund balance as of July 1, 2011, as restated	<u>\$ 28,342,770</u>	<u>\$ 34,852,096</u>	<u>\$ 9,187,958</u>

*Optional Supplemental
Information Section*

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

CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Affordable Housing Capital Projects
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	REVENUES			
Investment earnings	\$ 2,400	\$ 2,400	\$ 3,781	\$ 1,381
TOTAL REVENUES	2,400	2,400	3,781	1,381
EXPENDITURES				
Current:				
Community development	191,000	241,000	128,720	112,280
Capital outlay	120,000	120,000		120,000
TOTAL EXPENDITURES	311,000	361,000	128,720	232,280
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(308,600)	(358,600)	(124,939)	233,661
NET CHANGE IN FUND BALANCES	(308,600)	(358,600)	(124,939)	(233,661)
Fund balances, beginning of year	1,441,262	1,441,262	1,441,262	-
FUND BALANCES , END OF YEAR	\$ 1,132,662	\$ 1,082,662	\$ 1,316,323	\$ (233,661)

NON-MAJOR GOVERNMENTAL FUNDS

NONMAJOR 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.

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.

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 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 the fire apparatus and facilities.

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

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

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

CITY OF AMERICAN CANYON
Combining Balance Sheet
Other Governmental Funds
June 30, 2012

	<u>Storm Drainage</u>	<u>Gas Tax</u>	<u>CDBG Loan Development</u>	<u>State Supplemental Law Enforcement</u>
ASSETS				
Cash and investments		\$ 663,680	\$ 40,291	
Restricted cash				
Taxes receivable		56,283		
Interest receivable		827	36	\$ 71
Due from other governments	\$ 436,995			36,295
Loans receivable			718,214	
	<u>\$ 436,995</u>	<u>\$ 720,790</u>	<u>\$ 758,541</u>	<u>\$ 36,366</u>
TOTAL ASSETS	<u>\$ 436,995</u>	<u>\$ 720,790</u>	<u>\$ 758,541</u>	<u>\$ 36,366</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable				
Deferred revenue			\$ 718,214	
Due to other funds	\$ 436,994			\$ 22,115
Advances from other funds				
TOTAL LIABILITIES	<u>436,994</u>	<u>-</u>	<u>718,214</u>	<u>22,115</u>
Fund balances:				
Restricted for:				
Public safety				14,251
Public works	1	\$ 720,790		
Debt service				
Other activities			40,327	
Unassigned				
TOTAL FUND BALANCES	<u>1</u>	<u>720,790</u>	<u>40,327</u>	<u>14,251</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 436,995</u>	<u>\$ 720,790</u>	<u>\$ 758,541</u>	<u>\$ 36,366</u>

SPECIAL REVENUE FUNDS

La Vigne Landscape and Lighting	La Vigne Open Space	Newell Open Space	Abandoned Vehicle	State and Federal Grants - Fire	State and Federal Grants - City Fund	Total Other Government Special Revenue
\$ 1,621,899	\$ 178,791	\$ 56,092	\$ 79,319	\$ 5,891		\$ 2,645,963
8,467						64,750
1,433	161	50	70			2,648
			2,461		\$ 78,136	553,887
						718,214
\$ 1,631,799	\$ 178,952	\$ 56,142	\$ 81,850	\$ 5,891	\$ 78,136	\$ 3,985,462
\$ 44,768						\$ 44,768
					\$ 78,136	718,214
						537,245
44,768	-	-	-	-	78,136	1,300,227
1,587,031			\$ 81,850	\$ 5,891		101,992
	\$ 178,952	\$ 56,142				2,307,822
						275,421
1,587,031	178,952	56,142	81,850	5,891	-	2,685,235
\$ 1,631,799	\$ 178,952	\$ 56,142	\$ 81,850	\$ 5,891	\$ 78,136	\$ 3,985,462

CITY OF AMERICAN CANYON
Combining Balance Sheet
Other Governmental Funds
June 30, 2012

CAPITAL PROJECTS FUNDS

	Fire Mitigation	Park Improvement	Traffic Impact	Civic Facilities	Infrastructure
ASSETS					
Cash and investments	\$ 672,838	\$ 563,926	\$ 2,082,057	\$ 35,595	\$ 10,952
Restricted cash					2,519,902
Taxes receivable					
Interest receivable	613	502	2,107	27	10
Due from other governments					
Loans receivable					
TOTAL ASSETS	\$ 673,451	\$ 564,428	\$ 2,084,164	\$ 35,622	\$ 2,530,864
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable					\$ 983
Deferred revenue					
Due to other funds					
Advances from other funds				\$ 1,350,520	
TOTAL LIABILITIES	-	-	-	1,350,520	983
Fund balances:					
Restricted for:					
Public safety	\$ 673,451				
Public works			\$ 2,084,164		2,529,881
Debt service					
Other activities		\$ 564,428			
Unassigned				(1,314,898)	
TOTAL FUND BALANCES	673,451	564,428	2,084,164	(1,314,898)	2,529,881
TOTAL LIABILITIES AND FUND BALANCES	\$ 673,451	\$ 564,428	\$ 2,084,164	\$ 35,622	\$ 2,530,864

DEBT SERVICE FUNDS

City Capital Projects	Total Other Governmental Capital Projects	2002 Lease Revenue Bonds	Cabernet Village Lease	Broadway Property Lease	Total Other Governmental Debt Service	Total Other Governmental Funds
\$ 194,762	\$ 3,560,130 2,519,902 3,259	\$ 764 315,613 115	\$ 132,739 267	\$ 722 1	\$ 134,225 315,613 383	\$ 6,340,318 2,835,515 64,750 6,290 553,887 718,214
\$ 194,762	\$ 6,083,291	\$ 316,492	\$ 133,006	\$ 723	\$ 450,221	\$ 10,518,974
\$ 3,779	\$ 4,762 1,350,520					\$ 49,530 718,214 537,245 1,350,520
3,779	1,355,282	-	-	-	-	2,655,509
190,983	673,451 4,614,045 755,411 (1,314,898)	\$ 316,492	\$ 133,006	\$ 723	\$ 450,221	775,443 6,921,867 450,221 1,030,832 (1,314,898)
190,983	4,728,009	316,492	133,006	723	450,221	7,863,465
\$ 194,762	\$ 6,083,291	\$ 316,492	\$ 133,006	\$ 723	\$ 450,221	\$ 10,518,974

CITY OF AMERICAN CANYON
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2012

	<u>Storm Drainage</u>	<u>Gas Tax</u>	<u>CDBG Loan Development</u>	<u>State Supplemental Law Enforcement</u>
REVENUES				
Sales taxes	\$ 668,734			
Special assessments				
Intergovernmental		\$ 540,204		\$ 114,703
Charges for services				
Investment earnings		4,248	\$ 177	268
Other			3,555	
TOTAL REVENUES	<u>668,734</u>	<u>544,452</u>	<u>3,732</u>	<u>114,971</u>
EXPENDITURES				
Current:				
Public works				
Community development			1,804	
Debt Service				
Principal				
Interest and other charges				
Capital outlay				
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>1,804</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>668,734</u>	<u>544,452</u>	<u>1,928</u>	<u>114,971</u>
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out	(689,041)	(692,184)		(100,721)
TOTAL OTHER FINANCING SOURCES AND USES	<u>(689,041)</u>	<u>(692,184)</u>	<u>-</u>	<u>(100,721)</u>
NET CHANGE IN FUND BALANCES	(20,307)	(147,732)	1,928	14,250
Fund balances, beginning of year	20,308	868,522	38,399	1
FUND BALANCES, END OF YEAR	<u>\$ 1</u>	<u>\$ 720,790</u>	<u>\$ 40,327</u>	<u>\$ 14,251</u>

SPECIAL REVENUE FUNDS

La Vigne Landscape and Lighting	La Vigne Open Space	Newell Open Space	Abandoned Vehicle	State and Federal Grants - Fire	State and Federal Grants - City Fund	Total Other Government Special Revenue
\$ 434,526			\$ 14,836		\$ 311,106	\$ 668,734 434,526 980,849
5,896	\$ 816	\$ 9,965	336			21,706 3,555
<u>440,422</u>	<u>816</u>	<u>9,965</u>	<u>15,172</u>	<u>-</u>	<u>311,106</u>	<u>2,109,370</u>
404,577						404,577 1,804
<u>404,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406,381</u>
35,845	816	9,965	15,172	-	311,106	1,702,989
(27,685)			(1,697)		(405,391)	(1,916,719)
<u>(27,685)</u>	<u>-</u>	<u>-</u>	<u>(1,697)</u>	<u>-</u>	<u>(405,391)</u>	<u>(1,916,719)</u>
8,160	816	9,965	13,475		(94,285)	(213,730)
<u>1,578,871</u>	<u>178,136</u>	<u>46,177</u>	<u>68,375</u>	<u>\$ 5,891</u>	<u>94,285</u>	<u>2,898,965</u>
<u>\$ 1,587,031</u>	<u>\$ 178,952</u>	<u>\$ 56,142</u>	<u>\$ 81,850</u>	<u>\$ 5,891</u>	<u>\$ -</u>	<u>\$ 2,685,235</u>

CITY OF AMERICAN CANYON
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2012

CAPITAL PROJECTS FUNDS					
	Fire Mitigation	Park Improvement	Traffic Impact	Civic Facilities	Infrastructure
REVENUES					
Sales taxes					
Special assessments					
Intergovernmental					
Charges for services	\$ 18,159	\$ 18,432	\$ 31,974	\$ 30,225	
Investment earnings	2,372	3,119	10,625	585	\$ 63
Other					
TOTAL REVENUES	20,531	21,551	42,599	30,810	63
EXPENDITURES					
Current:					
Public works			275,863		6,655
Community development					
Debt Service					
Principal					
Interest and other charges				39,574	
Capital outlay					
TOTAL EXPENDITURES	-	-	275,863	39,574	6,655
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	20,531	21,551	(233,264)	(8,764)	(6,592)
OTHER FINANCING SOURCES (USES)					
Transfers in		3,085			
Transfers out		(318,263)	(952)		
TOTAL OTHER FINANCING SOURCES AND USES	-	(315,178)	(952)	-	-
NET CHANGE IN FUND BALANCES	20,531	(293,627)	(234,216)	(8,764)	(6,592)
Fund balances, beginning of year	652,920	858,055	2,318,380	(1,306,134)	2,536,473
FUND BALANCES, END OF YEAR	\$ 673,451	\$ 564,428	\$ 2,084,164	\$ (1,314,898)	\$ 2,529,881

DEBT SERVICE FUNDS

City Capital Projects	Total Other Governmental Capital Projects	2002 Lease Revenue Bonds	Cabernet Village Lease	Broadway Property Lease	Total Other Governmental Debt Service	Total Other Governmental Funds
						\$ 668,734
						434,526
						980,849
	\$ 98,790					98,790
	16,764	\$ 576	\$ 1,334	\$ 4	\$ 1,914	40,384
						3,555
-	115,554	576	1,334	4	1,914	2,226,838
	282,518					687,095
						1,804
		195,000	185,000	97,547	477,547	477,547
	39,574	122,860	288,063	37,134	448,057	487,631
\$ 704,392	704,392					704,392
704,392	1,026,484	317,860	473,063	134,681	925,604	2,358,469
(704,392)	(910,930)	(317,284)	(471,729)	(134,677)	(923,690)	(131,631)
754,994	758,079	315,000	475,800	134,800	925,600	1,683,679
	(319,215)					(2,235,934)
754,994	438,864	315,000	475,800	134,800	925,600	(552,255)
50,602	(472,066)	(2,284)	4,071	123	1,910	(683,886)
140,381	5,200,075	318,776	128,935	600	448,311	8,547,351
\$ 190,983	\$ 4,728,009	\$ 316,492	\$ 133,006	\$ 723	\$ 450,221	\$ 7,863,465

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Storm Drainage
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	REVENUES			
Sales taxes	\$ 680,600	\$ 680,600	\$ 668,734	\$ (11,866)
TOTAL REVENUES	<u>680,600</u>	<u>680,600</u>	<u>668,734</u>	<u>(11,866)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>680,600</u>	<u>680,600</u>	<u>668,734</u>	<u>(11,866)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(680,600)	(680,600)	(689,041)	8,441
TOTAL OTHER FINANCING SOURCES AND USES	<u>(680,600)</u>	<u>(680,600)</u>	<u>(689,041)</u>	<u>8,441</u>
NET CHANGE IN FUND BALANCES	-	-	(20,307)	20,307
Fund balances, beginning of year	<u>20,308</u>	<u>20,308</u>	<u>20,308</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 20,308</u>	<u>\$ 20,308</u>	<u>\$ 1</u>	<u>\$ 20,307</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Gas Tax
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 419,120	\$ 419,120	\$ 540,204	\$ 121,084
Investment earnings	5,080	5,080	4,248	(832)
TOTAL REVENUES	<u>424,200</u>	<u>424,200</u>	<u>544,452</u>	<u>120,252</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>424,200</u>	<u>424,200</u>	<u>544,452</u>	<u>120,252</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(214,000)	(584,772)	(692,184)	107,412
TOTAL OTHER FINANCING SOURCES AND USES	<u>(214,000)</u>	<u>(584,772)</u>	<u>(692,184)</u>	<u>107,412</u>
NET CHANGE IN FUND BALANCES				
	210,200	(160,572)	(147,732)	(12,840)
Fund balances, beginning of year	<u>868,522</u>	<u>868,522</u>	<u>868,522</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 1,078,722</u>	<u>\$ 707,950</u>	<u>\$ 720,790</u>	<u>\$ (12,840)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
CDBG Loan Development
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	REVENUES			
Investment earnings	\$ 200	\$ 200	\$ 177	\$ (23)
Other	3,700	3,700	3,555	(145)
TOTAL REVENUES	3,900	3,900	3,732	(168)
EXPENDITURES				
Current:				
Community development	35,000	35,000	1,804	33,196
TOTAL EXPENDITURES	35,000	35,000	1,804	33,196
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(31,100)	(31,100)	1,928	33,028
OTHER FINANCING SOURCES (USES)				
Transfers in	33,000	33,000		33,000
TOTAL OTHER FINANCING SOURCES AND USES	33,000	33,000	-	33,000
NET CHANGE IN FUND BALANCES	1,900	1,900	1,928	(28)
Fund balances, beginning of year	38,399	38,399	38,399	-
FUND BALANCES , END OF YEAR	\$ 40,299	\$ 40,299	\$ 40,327	\$ (28)

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
State Supplemental Law Enforcement
For the year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Intergovernmental		\$ 100,450	\$ 114,703	\$ 14,253
Investment earnings		-	268	268
TOTAL REVENUES	-	100,450	114,971	14,521
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	100,450	114,971	14,521
OTHER FINANCING SOURCES (USES)				
Transfers out		(100,450)	(100,721)	271
TOTAL OTHER FINANCING SOURCES AND USES	-	(100,450)	(100,721)	271
NET CHANGE IN FUND BALANCES	-	-	14,250	(14,250)
Fund balances, beginning of year	\$ 1	1	1	-
FUND BALANCES , END OF YEAR	\$ 1	\$ 1	\$ 14,251	\$ (14,250)

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
La Vigne Landscape and Lighting
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	Original	Final		
REVENUES				
Special assessments		\$ 431,920	\$ 434,526	\$ 2,606
Investment earnings		7,325	5,896	(1,429)
TOTAL REVENUES	-	439,245	440,422	1,177
EXPENDITURES				
Current:				
Public works	\$ 75,800	551,612	404,577	147,035
TOTAL EXPENDITURES	75,800	551,612	404,577	147,035
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(75,800)	(112,367)	35,845	148,212
OTHER FINANCING SOURCES (USES)				
Transfers out	(11,300)	(27,685)	(27,685)	-
TOTAL OTHER FINANCING SOURCES AND USES	(11,300)	(27,685)	(27,685)	-
NET CHANGE IN FUND BALANCES	(87,100)	(140,052)	8,160	(148,212)
Fund balances, beginning of year	1,578,871	1,578,871	1,578,871	-
FUND BALANCES , END OF YEAR	\$ 1,491,771	\$ 1,438,819	\$ 1,587,031	\$ (148,212)

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
La Vigne Open Space
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	Original	Final		
REVENUES				
Investment earnings	\$ 600	\$ 600	\$ 816	\$ 216
TOTAL REVENUES	<u>600</u>	<u>600</u>	<u>816</u>	<u>216</u>
EXPENDITURES				
Current:				
Culture and recreation	2,500	2,500	-	2,500
TOTAL EXPENDITURES	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,900)</u>	<u>(1,900)</u>	<u>816</u>	<u>2,716</u>
NET CHANGE IN FUND BALANCES	(1,900)	(1,900)	816	(2,716)
Fund balances, beginning of year	<u>178,136</u>	<u>178,136</u>	<u>178,136</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 176,236</u>	<u>\$ 176,236</u>	<u>\$ 178,952</u>	<u>\$ (2,716)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Newell Open Space
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	REVENUES			
Investment earnings	\$ 9,900	\$ 9,900	\$ 9,965	\$ 65
TOTAL REVENUES	9,900	9,900	9,965	65
EXPENDITURES				
Current:				
Culture and recreation	9,600	9,600	-	9,600
TOTAL EXPENDITURES	9,600	9,600	-	9,600
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	300	300	9,965	9,665
NET CHANGE IN FUND BALANCES	300	300	9,965	(9,665)
Fund balances, beginning of year	46,177	46,177	46,177	-
FUND BALANCES , END OF YEAR	\$ 46,477	\$ 46,477	\$ 56,142	\$ (9,665)

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Abandoned Vehicle
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	REVENUES			
Intergovernmental	\$ 23,000	\$ 23,000	\$ 14,836	\$ (8,164)
Investment earnings	400	400	336	(64)
TOTAL REVENUES	<u>23,400</u>	<u>23,400</u>	<u>15,172</u>	<u>(8,228)</u>
EXPENDITURES				
Current:				
Public safety	9,500	9,500		9,500
TOTAL EXPENDITURES	<u>9,500</u>	<u>9,500</u>	<u>-</u>	<u>9,500</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>13,900</u>	<u>13,900</u>	<u>15,172</u>	<u>1,272</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,000)	(8,000)	(1,697)	(6,303)
TOTAL OTHER FINANCING SOURCES AND USES	<u>(8,000)</u>	<u>(8,000)</u>	<u>(1,697)</u>	<u>(6,303)</u>
NET CHANGE IN FUND BALANCES	5,900	5,900	13,475	(7,575)
Fund balances, beginning of year	68,375	68,375	68,375	-
FUND BALANCES , END OF YEAR	<u>\$ 74,275</u>	<u>\$ 74,275</u>	<u>\$ 81,850</u>	<u>\$ (7,575)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
State and Federal Grants - City Fund
For the year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Intergovernmental		\$ 371,106	\$ 311,106	\$ (60,000)
TOTAL REVENUES	-	371,106	311,106	(60,000)
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	-	371,106	311,106	(60,000)
OTHER FINANCING SOURCES (USES)				
Transfers out		(371,106)	(405,391)	34,285
TOTAL OTHER FINANCING				
SOURCES AND USES	-	(371,106)	(405,391)	34,285
NET CHANGE IN FUND BALANCES	-	-	(94,285)	94,285
Fund balances, beginning of year	\$ 94,285	94,285	94,285	-
FUND BALANCES , END OF YEAR	\$ 94,285	\$ 94,285	\$ -	\$ 94,285

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Fire Mitigation
For the year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
REVENUES				
Charges for services	\$ 10,000	\$ 10,000	\$ 18,159	\$ 8,159
Investment earnings	2,500	2,500	2,372	(128)
TOTAL REVENUES	<u>12,500</u>	<u>12,500</u>	<u>20,531</u>	<u>8,031</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>12,500</u>	<u>12,500</u>	<u>20,531</u>	<u>8,031</u>
NET CHANGE IN FUND BALANCES	12,500	12,500	20,531	(8,031)
Fund balances, beginning of year	<u>652,920</u>	<u>652,920</u>	<u>652,920</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 665,420</u>	<u>\$ 665,420</u>	<u>\$ 673,451</u>	<u>\$ (8,031)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Park Improvement
For the year ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
	REVENUES			
Charges for services	\$ 20,000	\$ 20,000	\$ 18,432	\$ (1,568)
Investment earnings	1,700	1,700	3,119	1,419
TOTAL REVENUES	21,700	21,700	21,551	(149)
EXPENDITURES				
Current:				
Culture and recreation	6,000	6,000		6,000
TOTAL EXPENDITURES	6,000	6,000	-	6,000
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	15,700	15,700	21,551	5,851
OTHER FINANCING SOURCES (USES)				
Transfers in			3,085	(3,085)
Transfers out	(317,000)	(360,000)	(318,263)	(41,737)
TOTAL OTHER FINANCING SOURCES AND USES	(317,000)	(360,000)	(315,178)	(44,822)
NET CHANGE IN FUND BALANCES	(301,300)	(344,300)	(293,627)	(50,673)
Fund balances, beginning of year	858,055	858,055	858,055	-
FUND BALANCES , END OF YEAR	\$ 556,755	\$ 513,755	\$ 564,428	\$ (50,673)

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Traffic Impact
For the year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
	REVENUES			
Charges for services			\$ 31,974	\$ 31,974
Investment earnings	\$ 10,000	\$ 10,000	10,625	625
TOTAL REVENUES	<u>10,000</u>	<u>10,000</u>	<u>42,599</u>	<u>32,599</u>
EXPENDITURES				
Current:				
Public works		285,863	275,863	10,000
TOTAL EXPENDITURES	<u>-</u>	<u>285,863</u>	<u>275,863</u>	<u>10,000</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>10,000</u>	<u>(275,863)</u>	<u>(233,264)</u>	<u>42,599</u>
OTHER FINANCING SOURCES (USES)				
Transfers out		(318,000)	(952)	(317,048)
TOTAL OTHER FINANCING SOURCES AND USES	<u>-</u>	<u>(318,000)</u>	<u>(952)</u>	<u>(317,048)</u>
NET CHANGE IN FUND BALANCES	10,000	(593,863)	(234,216)	(359,647)
Fund balances, beginning of year	<u>2,318,380</u>	<u>2,318,380</u>	<u>2,318,380</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ 2,328,380</u>	<u>\$ 1,724,517</u>	<u>\$ 2,084,164</u>	<u>\$ (359,647)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Civic Facilities
For the year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Charges for services			\$ 30,225	\$ 30,225
Investment earnings	\$ 1,000	\$ 1,000	585	(415)
TOTAL REVENUES	<u>1,000</u>	<u>1,000</u>	<u>30,810</u>	<u>29,810</u>
EXPENDITURES				
Current:				
Interest and other charges	46,000	46,000	39,574	6,426
TOTAL EXPENDITURES	<u>46,000</u>	<u>46,000</u>	<u>39,574</u>	<u>6,426</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>(45,000)</u>	<u>(45,000)</u>	<u>(8,764)</u>	<u>36,236</u>
NET CHANGE IN FUND BALANCES	(45,000)	(45,000)	(8,764)	(36,236)
Fund balances, beginning of year	<u>(1,306,134)</u>	<u>(1,306,134)</u>	<u>(1,306,134)</u>	<u>-</u>
FUND BALANCES , END OF YEAR	<u>\$ (1,351,134)</u>	<u>\$ (1,351,134)</u>	<u>\$ (1,314,898)</u>	<u>\$ (36,236)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Infrastructure
For the year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Investment earnings			\$ 63	\$ 63
TOTAL REVENUES	-	-	63	63
EXPENDITURES				
Current:				
Public works		\$ 17,904	6,655	11,249
TOTAL EXPENDITURES	-	17,904	6,655	11,249
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(17,904)	(6,592)	11,312
NET CHANGE IN FUND BALANCES	-	(17,904)	(6,592)	(11,312)
Fund balances, beginning of year	\$ 2,536,473	2,536,473	2,536,473	-
FUND BALANCES , END OF YEAR	\$ 2,536,473	\$ 2,518,569	\$ 2,529,881	\$ (11,312)

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
City Capital Projects
For the year ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u> <u>Positive</u> <u>(Negative)</u>
EXPENDITURES				
Capital outlay		\$ 1,183,052	\$ 704,392	\$ 478,660
TOTAL EXPENDITURES	-	1,183,052	704,392	478,660
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	-	(1,183,052)	(704,392)	478,660
OTHER FINANCING SOURCES (USES)				
Transfers in		1,034,506	754,994	279,512
TOTAL OTHER FINANCING				
SOURCES AND USES	-	1,034,506	754,994	279,512
NET CHANGE IN FUND BALANCES	-	(148,546)	50,602	(199,148)
Fund balances, beginning of year	\$ 140,381	140,381	140,381	-
FUND BALANCES , END OF YEAR	\$ 140,381	\$ (8,165)	\$ 190,983	\$ (199,148)

AGENCY FUNDS

AGENCY FUNDS

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

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

CITY OF AMERICAN CANYON
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012
<u>American Canyon Road East Assessment District</u>				
<u>Assets</u>				
Cash and investments	\$ 1,128,778	\$ 34,800		\$ 1,163,578
Restricted cash and investments	1,210,010			1,210,010
Interest receivable	610	170		780
TOTAL ASSETS	<u>\$ 2,339,398</u>	<u>\$ 34,970</u>	<u>\$ -</u>	<u>\$ 2,374,368</u>
<u>Liabilities</u>				
Accounts payable	\$ 251		\$ (251)	
Agency obligations	2,339,147	\$ 35,221		\$ 2,374,368
TOTAL LIABILITIES	<u>\$ 2,339,398</u>	<u>\$ 35,221</u>	<u>\$ (251)</u>	<u>\$ 2,374,368</u>
<u>La Vigne Assessment District</u>				
<u>Assets</u>				
Cash and investments	\$ 682,083		\$ (1,617)	\$ 680,466
Restricted cash and investments	571,047	\$ 10,583		581,630
Interest receivable	410	97		507
TOTAL ASSETS	<u>\$ 1,253,540</u>	<u>\$ 10,680</u>	<u>\$ (1,617)</u>	<u>\$ 1,262,603</u>
<u>Liabilities</u>				
Accounts payable	\$ 1,756		\$ (1,756)	
Agency obligations	1,251,784	\$ 10,819		\$ 1,262,603
TOTAL LIABILITIES	<u>\$ 1,253,540</u>	<u>\$ 10,819</u>	<u>\$ (1,756)</u>	<u>\$ 1,262,603</u>
<u>Total Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$ 1,810,861	\$ 34,800	\$ (1,617)	\$ 1,844,044
Restricted cash and investments	1,781,057	10,583		1,791,640
Interest receivable	1,020	267		1,287
TOTAL ASSETS	<u>\$ 3,592,938</u>	<u>\$ 45,650</u>	<u>\$ (1,617)</u>	<u>\$ 3,636,971</u>
<u>Liabilities</u>				
Accounts payable	\$ 2,007		\$ (2,007)	
Agency obligations	3,590,931	\$ 46,040		\$ 3,636,971
TOTAL LIABILITIES	<u>\$ 3,592,938</u>	<u>\$ 46,040</u>	<u>\$ (2,007)</u>	<u>\$ 3,636,971</u>

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Statistical Section

STATISTICAL SECTION

This part of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time:

1. Net 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 Ten Fiscal Years
(Accrual basis of accounting)

	Prior Years									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 253,484,193
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	13,585,903
Unrestricted	9,980,318	11,651,750	14,406,044	14,924,274	10,245,964	20,757,525	27,809,270	25,464,653	27,430,671	12,415,149
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	279,485,245
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	50,758,608
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	4,723,486
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	6,695,379
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	62,177,473
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	304,242,801
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	18,309,389
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	19,110,528
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	\$ 341,662,718

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

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

	Prior Years									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	\$ 4,309,153
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	9,147,931
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	8,903,969
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	1,745,163
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	5,358,661
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	448,057
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	29,912,934
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	4,894,501
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	4,356,356
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	9,250,857
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	39,163,791
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	212,295
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	974,398
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	940,899
Parks and recreation	804,241	1,399,997	559,504	814,243	555,270	376,472	362,699	373,227	491,253	381,657
Public works	1,560,826	1,695,417	3,478,602	2,126,087	825,602	476,631	252,634	80,745	127,834	1,141,520
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	235,284
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	2,050,628
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	5,936,681
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	4,705,561
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	3,558,663
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	1,013,181
Total business-type activities program 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	9,277,405
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	\$ 15,214,086

(Continued)

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

	Prior Years									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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)	\$ (23,976,253)
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)	26,548
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)	(23,949,705)
General Revenues and Other Changes 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	10,343,648
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	2,024,495
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	2,215,564
Unrestricted grants and contributions	506,887	531,253	852,361	1,058,703	1,191,706	110,157	79,109	55,668	83,979	0
Investment earnings	670,055	551,324	244,066	453,653	885,293	1,368,236	666,535	203,205	307,741	274,619
Settlement award (Note 13)	245,662	33,536	7,519	0	0	0	7,593,000	0	0	0
Miscellaneous	0	118,100	119,400	85,783	348,145	472,604	555,019	110,698	129,688	875,336
Transfers	8,500	110,600	(2,800,000)	(189,660)	1,068,900	483,198	(6,212,064)	893,618	1,057,829	1,110,118
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	16,843,780
Business-type activities	(8,500)	(110,600)	(119,400)	189,660	(1,068,900)	243,132	6,212,064	(893,618)	(1,057,829)	(1,043,941)
Transfers	(8,500)	(110,600)	(119,400)	189,660	(1,068,900)	243,132	6,212,064	(893,618)	(1,057,829)	(1,043,941)
Total business-type activities	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	15,799,839
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)	(7,132,473)
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)	(1,017,393)
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)	\$ (8,149,866)

Note: 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)

	Prior Years									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	\$ 6,686	\$ 7,543	\$ 9,232	\$ 11,315	\$ 12,005	\$ 14,165	\$ 14,196	\$ 14,155	\$ 14,547	\$ 15,272
Special assessments					2,104	473	498	515	457	435
Licenses and permits	1,400	1,198	782	960	484	633	578	530	329	338
Fines and forfeits	68	102	121	87	137	196	178	177	131	203
Intergovernmental	1,636	1,291	1,248	2,683	3,549	3,032	3,163	1,286	2,147	1,120
Interest and rents	563	242	594	1,723	2,149	1,702	895	352	427	552
Charges for services	3,536	5,657	6,233	6,314	2,172	3,745	3,504	1,566	1,613	1,051
Other revenues	217	532	1,045	1,119	582	706	7,874	403	317	763
Total revenues	14,106	16,565	19,255	24,201	23,182	24,652	30,886	18,984	19,968	19,734
Expenditures:										
General government	1,126	1,310	1,463	2,136	2,182	4,577	5,117	4,587	5,004	3,670
Public safety	3,715	4,213	5,508	6,422	7,447	7,630	8,374	8,849	8,646	8,897
Parks and Recreation	1,220	1,424	1,765	1,999	2,193	1,748	2,217	2,023	1,934	1,597
Comm. Dev. and Public Wor	2,439	3,267	3,805	7,632	6,057	4,974	4,933	4,231	3,909	4,278
Capital outlay	703	417	2,226	6,086	24,446	10,580	5,759	3,803	194	947
Debt service:										
Payment to escrow agent	360	-	694	-	-	-	-	-	-	-
Costs of issuance	247	-	404	902	53	-	-	-	-	-
Principal	255	255	454	420	773	351	401	439	463	478
Interest	535	579	415	974	1,390	441	469	495	511	488
Total expenditures	10,600	11,465	16,734	26,571	44,541	30,301	27,270	24,427	20,661	20,355
Excess of revenues over/under expenditures	3,506	5,100	2,521	(2,371)	(21,359)	(5,648)	3,616	(5,442)	(693)	(621)
Other Financing Sources/Uses										
Proceeds from borrowing	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	2,006	1,313	2,552	23,623	11,471	6,064	5,003	9,535	3,609	4,028
Transfers out	(1,998)	(1,176)	(2,433)	(23,787)	(10,402)	(4,574)	(11,215)	(8,641)	(2,551)	(2,918)
Total other financing Sources/Uses	575	137	1,869	18,241	8,982	1,900	(4,766)	894	1,058	1,110
Net change in fund balances	\$ 4,081	\$ 5,237	\$ 4,390	\$ 15,870	\$ (12,377)	\$ (3,748)	\$ (1,150)	\$ (4,548)	\$ 365	\$ 489
Debt service as a percentage of noncapital expenditures	15.2%	7.8%	13.3%	9.5%	5.2%	2.7%	3.3%	4.0%	4.9%	5.0%

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	Possessory Int.	Unsecured	Unknown	Total	Total Direct Rate
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%
2011-2012	1,406,792	138,176	365,259	37,857	1,454	16,023	168,278	79	2,133,918	0.28%

Note: Exempt values are not included in Total.

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

Data Source: Napa County Assessor 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 6
City of American Canyon
Direct and Overlapping Property Tax Rates
For The Last Ten Fiscal Years
(Rates per \$100 of assessed value)

Agency	Prior Years									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	0.022	0.022	0.033	0.019	0.011	0.024	0.025	0.017	0.025
Napa Valley Unified School District	0.012	0.053	0.045	0.037	0.040	0.031	0.057	0.073	0.061	0.073
Total Direct & Overlapping² Tax Rates	1.012	1.075	1.066	1.070	1.059	1.042	1.081	1.099	1.078	1.097
City's Share of 1% Levy per Prop 13³	0.354	0.296	0.296	0.296						
Total Direct Rate⁴	0.320	0.313	0.304	0.301	0.289	0.285	0.285	0.285	0.282	0.281

Notes:

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

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

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

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

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

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Schedule 7
City of American Canyon
2011/12 Top Ten Property Taxpayers
Based on Property Tax Revenue

Owner	Secured			Unsecured			Combined			Primary Use & Primary Agency
	Parcels	Revenue	% of Revenue	Parcels	Revenue	% of Revenue	Value	Revenue	% of Revenue	
1) Coca Cola Company				1	\$ 195,043	28.23%	\$ 195,043	195,043	2.17%	Unsecured American Canyon Gen Fund
2) SDG Hanna Court 411 LLC	2	\$ 132,250	1.60%				132,250	132,250	1.47%	Industrial American Canyon Gen Fund
3) Sutter Home Winery Inc	2	91,154	1.10%				91,154	91,154	1.02%	Industrial American Canyon Gen Fund
4) Scannell Properties 91 LLC	1	85,384	1.03%				85,384	85,384	0.95%	Industrial American Canyon Gen Fund
5) 5500 Eucalyptus Dr Apts	1	74,912	0.90%				74,912	74,912	0.83%	Residential American Canyon Gen Fund
6) Walmart Real Estate Business Tru:	1	59,104	0.71%	1	5,647	0.82%	64,751	64,751	0.72%	Commercial American Canyon Gen Fund
7) AmCan Beverages	1	61,523	0.74%				61,523	61,523	0.69%	Industrial American Canyon Gen Fund
8) 125 Mezzetta Court	1	60,752	0.73%				60,752	60,752	0.68%	Industrial American Canyon Gen Fund
9) Broadstone HC California LLC	2	52,967	0.64%				52,967	52,967	0.59%	Industrial American Canyon Gen Fund
10) Butterfly Effect Hotels LLC	2	43,958	0.57%				43,958	43,958	0.52%	Commercial American Canyon Gen Fund
Top Ten Totals	13	662,004	8.02%	2	200,690	29.05%	862,694	862,694	9.64%	
City Totals		\$ 8,288,800			\$ 690,826		\$ 8,979,626			

*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

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
2002/03 Top Ten Property Taxpayers
Based on Property Tax Revenue

Owner	Secured			Unsecured			Combined			Primary Use & Primary Agency
	Parcels	Revenue	% of Revenue	Parcels	Revenue	% of Revenue	Value	% of Revenue	Value	
1) Pokka USA Inc	1	\$ 75,224	2.67%		\$		75,224	2.56%	75,224	Industrial Canyon Gen Fund American
2) Sutter Home Winery Inc	2	72,768	2.59%				72,768	2.48%	72,768	Industrial Canyon Gen Fund American
3) Mezzetta Court LLC	1	41,306	1.47%				41,306	1.41%	41,306	Industrial Canyon Gen Fund American
4) BDC AmericanCanyon LP	5	34,631	1.23%				34,631	1.18%	34,631	Commercial American Canyon Gen Fund
5) SDG Commerce LLC	2	34,568	1.23%				34,568	1.18%	34,568	Commercial American Canyon Gen Fund
6) Shea Homes LP	369	28,590	1.02%				28,590	0.97%	28,590	Vacant Canyon Gen Fund American
7) Davidon Homes	33	26,359	0.94%				26,359	0.90%	26,359	Vacant Canyon Gen Fund American
8) Homanap LP	1	25,013	0.89%				25,013	0.85%	25,013	Industrial Canyon Gen Fund American
9) LBL Duc II Scally Ranch LLC	23	23,744	0.84%				23,744	0.81%	23,744	Vacant Canyon Gen Fund American
10) CDI	6	22,215	0.79%				22,215	0.76%	22,215	Industrial Canyon Gen Fund American
Top Ten Totals	443	384,418	13.66%	0	-	0.00%	384,418	13.10%	384,418	
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
 This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of the City of American Canyon.

**Schedule 8
City of American Canyon
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
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%
2012	10,343,648	10,343,648	100%

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

Schedule 9
City of American Canyon
Ratios of Outstanding Debt By Type
Last Ten Fiscal Years
(Dollars in Thousands except for Per Capita)

Fiscal Year	Governmental Activities				Business-type Activities		Total City Debt	Total City Debt as a Percentage of Personal Income	Total City Debt Per Capita
	General Obligation Bonds	Lease Revenue Bonds	Special Assessment Bonds	Capital Lease Obligations	Capital Lease Obligations	State of California and Other Loans			
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
2012		2,465	-	6,912	-	10,157	19,534	1.92%	986

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Lease Revenue Bonds	Total		
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
2012	-	2,465,000	2,465,000	0.12%	124

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, 2012**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable⁽¹⁾</u>	<u>Share of Overlapping Debt</u>
Debt repaid with property taxes:			
City of American Canyon 1915 Act Bonds	\$ 22,525,000	100.000%	\$ 22,525,000
Other debt:			
Napa County Certificates of Participation	26,330,000	7.954%	2,094,288
Napa County Board of Education Certificate of Participation	3,390,000	7.954%	<u>269,641</u>
Subtotal overlapping debt			67,817,586
City of American Canyon Lease Revenue Bond			<u>2,465,000</u>
Total Direct and Overlapping General Fund Debt			<u><u>\$ 70,282,586</u></u>

Ratios to Assessed Valuation:

Combined Direct Debt (\$2,465,000)	0.12%
Combined Total Debt	3.23%
2012	0.12%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: \$0

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
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%
2012	2,133,917,840	80,021,919	2,465,000	77,556,919	3.08%

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	Interest	Coverage
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	1,782,130	-	540,000	1,120,650	1.07
2012	1,690,646	-	555,000	1,100,375	1.02

State of California Water Loan

	Water Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		
					Principal	Interest	Coverage
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	28,646	32.70
2012	4,744,183	1,007,276	3,174,917	2,576,542	54,983	27,324	31.30

State of California Wastewater Construction Loan

	Wastewater Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		
					Principal	Interest	Coverage
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
2012	3,733,430	5,905	2,904,004	835,331	538,876	188,455	1.15

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

<u>Calendar Year</u>	<u>Population</u>	<u>Median Household Income</u>	<u>Unemployment Rate</u>
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%
2012	19,809	51,253	11.10%

Data Sources:
California Department of Finance (population from Gann Limit information)
U.S. Bureau of Economic Analysis for Napa County by Calendar Year www.bea.gov

Schedule 15
City of American Canyon
Principal Employers (Ten Largest)
Calendar Year 2012 vs Calendar Year 2006

Employer	2012			2006		
	Rank	Number Employees	Percentage of Total City Employment	Rank	Number Employees	Percentage of Total City Employment
Walmart Supercenter	1	415	7.98%			0.00%
GL Mezzetta Inc	2	300	5.77%	1	130	2.55%
Coca-Cola AmCan Beverages	3	135	2.60%			2.55%
Sutter Home Winery, Inc.	4	100	1.92%	5	55	1.08%
Safeway Inc. #1883	5	101	1.94%	2	125	2.45%
City of American Canyon	6	74	1.42%	4	72	1.41%
American Canyon Middle School	7	70	1.35%			0.00%
Western Wine Services, Inc	7	70	1.35%			
Donaldson Way Elementary School	8	60	1.15%			0.00%
Vineyard Brands, Inc.	9	58	1.12%			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%

Note: The information in this schedule should show 9 years prior and current, however FY 2002-2003 which is 9 years prior is not available. The oldest information is from FY 2005-2006.

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

Function/Program	Prior Years									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
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	2.50	2.00	2.10	2.10	2.10	2.10	2.10	1.85	2.15	2.15
City Clerk	1.70	1.70	1.70	1.40	1.40	1.40	1.40	1.40	1.40	1.40
Human Resources					1.50	2.00	2.00	2.00	2.00	1.50
Finance:										
Finance	4.60	5.20	6.00	6.90	4.90	4.90	4.90	4.90	4.60	4.60
Information Systems	1.00	1.00	1.00	0.20	0.20	0.20	0.20	0.20	0.20	0.20
Utility	3.00	3.00	3.00	3.20	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	2.70
Non Departmental				1.00	0.30	1.30	1.30	1.30	1.30	1.30
Community development:										
Planning	1.00	1.00	1.00	2.00	2.00	2.20	2.20	2.20	1.60	1.60
Building and safety	6.50	6.50	6.50	6.50	6.50	8.00	8.00	8.00	3.25	3.25
Economic Development	0.40	0.30	0.40	0.70	0.40	0.40	0.40	0.40	0.45	0.45
Housing Services	0.30	0.30	0.30	0.00	0.30	0.60	0.60	0.60	0.10	0.10
City Engineer									1.30	1.30
Affordable Housing								0.25	0.25	0.25
Parks and Recreation:										
Parks	5.15	6.31	6.55	6.55	6.55	5.95	5.95	5.75	5.20	5.35
Recreation	3.70	3.70	4.70	4.70	4.70	5.60	5.60	5.20	5.05	5.10
Building & Equipment Maintenance	2.00	2.00	2.00	2.00	2.00	2.05	1.00	1.10	1.15	1.20
Public works:										
Administration						4.00	4.00	4.00	4.00	3.90
Engineering	3.00	4.27	2.80	2.80	2.80	1.65	1.65	1.90		
Streets & Roads	2.55	3.72	4.70	4.70	4.70	5.85	5.85	5.35	3.45	3.45
Storm Drain	0.50	0.50	1.30	1.30	1.30	1.95	1.95	2.35	1.55	1.95
Capital Projects									2.00	1.60
Fleet							1.05	1.40	1.10	1.10
Water:										
Treatment and Distribution	7.80	8.60	10.20	10.20	10.20	9.75	9.75	9.85	9.10	9.05
Wastewater:										
Collection and Treatment	10.00	8.55	8.30	8.30	8.40	9.85	9.35	8.25	12.60	12.00
Storm Water Quality		0.05	1.05	1.05	1.05	0.35	0.50	0.50	0.45	0.45
Solid Waste							0.35	0.35	0.35	0.35
Totals	<u>61.70</u>	<u>64.70</u>	<u>69.60</u>	<u>72.60</u>	<u>72.20</u>	<u>81.00</u>	<u>81.00</u>	<u>80.00</u>	<u>75.50</u>	<u>74.50</u>

Source: Human Resources Department

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

	Prior Years									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Physical arrest	515	620	429	695	446	520	595	543	614	701
Traffic violations	936	1,861	1,162	2,377	1,557	2,035	1,897	1,817	1,748	2,001
Fire:										
Emergency responses	1,159	1,237	1,249	1,240	1,266	1,320	1,393	1,355	1,286	1,441
Structure Fires	43	45	27	25	17	29	20	10	16	14
Fire Loss (Thousand \$)	163	534	219	455	825	400	285	279	19	72
Fire Engines	7	7	8	8	8	8	6	6	6	6
Inspections	220	230	250	264	374	171	184	261	218	279
Construction Inspection	987	700	850	800	135	120	103	111	75	111
Planning:										
Building permits issued	312	440	208	226	273	375	352	327	285	296
Public works:										
Miles streets resurfaced	-	-	-	-	-	1.56	0.77	0.51	-	0.12
Parks:										
Community events held	16	16	17	17	17	19	19	24	22	26
Swimming pool admissions	11,185	16,197	18,376	21,005	21,000	20,000	21,480	18,494	16,063	15,313
Water:										
Number of new services	640	775	868	708	423	668	732	761	711	697
Daily average water production in MGD	2.52	3.06	3.05	3.12	3.12	3.53	3.20	2.84	2.87	2.95
Daily average water consumption in MGD	2.50	2.54	2.55	3.93	3.93	4.06	2.88	2.46	2.67	2.73
Wastewater:										
Daily average treatment in millions gallons(MGD)	1.10	1.77	1.46	1.69	1.48	1.55	1.54	1.54	1.71	1.65

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

Function/Program	Prior Years									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	12	12	12	12	12	12	12	12	12
Fire										
Stations	1	1	1	1	2	2	2	2	2	2
Engines	7	7	8	8	8	8	8	8	8	8
Public works:										
Miles of streets	2.2	2.5	4.7	6.4	9.5	14.2	14.2	38.1	38.1	38.1
Streetlights	345	397	683	969	1,062	1,233	1,233	1,233	1,233	1,233
Traffic signals	3	3	3	3	4	4	4	4	4	4
Parks and recreation:										
Community centers	2	2	2	2	2	2	2	3	3	3
Parks	15	15	15	18	20	22	22	22	22	22
Park acreage	52	52	52	70	75	79	79	79	79	79
Water:										
Miles of mains added	5	5	5	5	5	7	8	-	-	-
Number of services billed	3,839	4,294	4,515	4,759	4,914	5,147	5,208	5,232	5,455	5,529
Maximum plant capacity in million gallons	2.60	2.60	2.60	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Storage capacity in million gallons	4.81	4.81	4.81	4.81	4.81	4.81	4.81	4.81	4.81	4.70
Wastewater:										
Miles of sewers added	5	5	5	5	5	5	5	-	-	-
Number of services billed	3,567	3,941	4,217	4,386	4,562	4,667	4,738	4,809	4,856	4,910
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	0.00
Number of services billed					1	1	1	3	12	12
Storage capacity in million gallons								1.00	1.00	1.00

Source: Various departments within the City of American Canyon