



CITY OF
AMERICAN
CANYON

CITY OF AMERICAN
CANYON
AND
AMERICAN CANYON
FIRE PROTECTION
DISTRICT

COMPREHENSIVE ANNUAL
FINANCIAL REPORT
for the fiscal year ended
June 30, 2020

American Canyon, California

www.cityofamericancanyon.org

American Canyon, California



Napa County

City of
American
Canyon



CITY OF AMERICAN CANYON AND AMERICAN CANYON FIRE PROTECTION DISTRICT COMPREHENSIVE ANNUAL FINANCIAL REPORT *for the fiscal year ended June 30, 2020*

Prepared by the Finance Department

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CITY OF AMERICAN CANYON
 Comprehensive Annual Financial Report
 For the Year Ended June 30, 2020

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For the Year Ended June 30, 2020

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February 25, 2021

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

We hereby submit the Comprehensive Annual Financial Report of the City of American Canyon for the fiscal year ended June 30, 2020. The fiscal year covers financial transactions from July 1, 2019 to June 30, 2020 on a modified or full accrual basis, depending on the fund type. The City follows a policy of preparing a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America after the end of each fiscal year. An independent licensed certified public accounting firm audits these financial statements.

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

Richardson and Co. LLP, a licensed certified public accounting firm, has audited the City of American Canyon's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of American Canyon, for the fiscal year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Richardson and Co. LLP has concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion ("clean" opinion) that the City of American Canyon's financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with U.S. generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Comprehensive Annual Financial Report (CAFR)

This CAFR contains financial information and data using the financial reporting format established for governments by the Governmental Accounting Standards Board (GASB). The GASB sets accounting and financial reporting standards for governments in the United States of America. The financial reporting standards require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

Immediately following the report of the independent auditors, you will find the City of American Canyon's MD&A.

Profile of the City and its Operations

Incorporated on January 1, 1992, the City of American Canyon is the second largest city in Napa County. The City's population as of January 1, 2020 was estimated to be 20,837 by the California State Department of Finance. American Canyon is located at the Southern end of the Napa Valley wine growing region in close proximity to the San Francisco Bay. It is bounded by the Napa River and a 500 acre wetland preserve to the west, the foothills of the Sulphur Springs Mountain Range to the east, the City of Vallejo to the south, the Napa Airport and numerous vineyards to the north.

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

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

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

Factors affecting Financial Condition

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

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

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

Beginning in fiscal year 2013-14, the Council directed Staff to enter a three-year "Stabilization Plan" in order to ensure the long-term fiscal sustainability of the City's finances. During this three-year stabilization period, critical reductions in expenses were slowly restored as revenue growth allowed. The 2015-16 fiscal year marked the final year of this successful plan. Since then the City has benefited from improvements in both the national and local economy and revenues continued increasing gradually until the onset of the Coronavirus Pandemic (COVID-19) in early 2020.

COVID-19 was expected to have a dramatic impact on revenues and the City responded by reducing expenditures budgeted and incurred. The actual impact at year-end was far less than anticipated. With one-time Coronavirus Relief Funding, lower impact on actual revenues received, and the reduction in expenditures, the City ended the year near breakeven with a minimal General Fund deficit.

Approximately 50% of general fund revenue received is from property taxes and are critical in supporting the cost of essential services provided by the City. For the fiscal year 2019-20 the City budgeted a 5% increase in property taxes, but actually came in at a 5.6% increase. Property tax was projected to increase an additional 4.5% in the 2020-21 fiscal year, which has been reduced to 1.4% with an assessed valuation growth of 2.6%. There is continued interest in industrial and residential development. With developable land selling and construction starting in the coming year, the City should experience further increases in assessed valuation and property tax revenues. New construction will also mean an increase in building permit revenue.

The City's Transient Occupancy Tax (TOT) rate is 12%. Fiscal year 2019-20 Transient Occupancy Tax (TOT) decreased by 26.3%. This decrease was due primarily to the stay-at-home orders resulting from the public health impact of COVID-19. Based on performance in the last few months, the current projections for vaccine rollout, and conversations with the hoteliers, we are projecting a decrease of 7.1% for fiscal year 2020-21. Once vaccinations are administered to the majority of the population, we expect some return to normalcy for fiscal year 2021-22 and modest future growth of around 0.5% to 1.0% per year. This is a conservative long-term projection, as American Canyon continues to benefit from tourism in the Napa Valley. We believe additional hotel rooms will be constructed in American Canyon within five years; however, this is not included in these projections.

Sales tax was impacted by the COVID-19 pandemic and fell 9.1% in fiscal year 2019-20. The City budgeted a further 10.7% reduction for Y 2020-21. However, our sales tax consultant has projected 5.5% growth over FY 2019-20 actuals in the coming fiscal year and a modest 1.5% increase in future year projections.

Staff will continue to closely monitor and review updated economic forecasts for any new developments that may positively or negatively affect the City's budget.

Capital Improvement Program

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

- ✓ Devlin Road Connection – The City is undertaking a project to construct a major connector from Devlin Road to Green Island Road. These two roads serve our growing industrial area on the north side of the City. When the City completes this section of Devlin Road, and when the County of Napa constructs one additional segment of Devlin Road north of American Canyon, Devlin Road will serve as a continuous parallel route to Highway 29 from Napa to American Canyon. This will help keep truck traffic off Highway 29 and ease congestion during peak times. The City Council approved a construction contract in November 2020 and anticipates beginning construction on this project in 2021.

- ✓ Green Island Road Reconstruction - Green Island Road is the only road currently serving the Green Island industrial district in the north portion of American Canyon. The City is undertaking a project to reconstruct this road to meet current needs. The project will be partially funded by up to \$14 million in land-secured debt financing, funded by private property owners within the Green Island Industrial District through the creation of a Community Facilities District. The City's first Community Facilities District was approved by a vote of the property owners in February 2019. While the road reconstruction itself has been delayed and is anticipated to break ground in early 2022, construction work was undertaken in June 2020 to reconstruct two at-grade railroad crossings on Green Island Road, which are necessary to support the road reconstruction work.
- ✓ Pavement Rehabilitation Projects – Road Repair and Accountability Act (also known as SB1) and Measure T, (the half cent Napa Valley County Sales Tax for Road Repairs) funds will be used to repair/rehabilitate various streets in American Canyon.

New Development

Key development projects include:

- ✓ Broadway District Specific Plan – The Broadway District is the heart of American Canyon. The Broadway District Specific Plan (BDSP) will transform this auto-oriented highway commercial district into a livable, mixed use, small town neighborhood; and improve the City's image by supporting quality development. The Broadway District Specific Plan was approved in 2019.
- ✓ Home2Suites Hotel – A new 102-room Home2Suites hotel in the BDSP is nearing construction permit approval. Construction is anticipated to begin in the Third Quarter 2021.
- ✓ Napa Logistics Park - The City continues to see development in the Napa Logistics Park with the development of a 200,000 SF Amazon Distribution Center under construction (Building 3). Building 4, a 700,000 SF warehouse is nearly complete. Pacific Gas and Electric (PG&E) is anticipated to construct a maintenance facility on 24.51 acres (Lot 4).
- ✓ Commerce Court - In the west side of town, ICC completed a 330,000 SF wine warehouse in October 2020. A second 217,000 SF wine warehouse (SDG 217) is proposed at 1075 Commerce Court. The SDG 217 project is scheduled for Planning Commission review in March 2021.
- ✓ Giovannoni Logistics Center – A 2.4 million SF high cube wine warehouse business park is proposed on 208-acres, north of Green Island Road. The project is anticipated to be constructed in two phases. Phase 1 consists of two high cube warehouses on the east side of the future Devlin Road. Phase 2 consists of 1.2 million SF of high cube warehouse on the west side of Devlin Road. The project is currently in entitlement review and an environmental impact report is being prepared.
- ✓ Village at Vintage Ranch - The Village at Vintage Ranch is an apartment project consisting of 159 units in 18 buildings. 16 dwelling units will be affordable housing (8 units for Low-Income residents and 8 units for Very Low-Income residents). The project construction began July 2018. Ten buildings have received an Occupancy permit. The applicant anticipates completing all remaining buildings by Summer 2021.
- ✓ Watson Ranch - Watson Ranch is a long-planned re-development of a vacant 300-acre industrial property into a new mixed-use commercial/retail town center and it includes a new hotel, 1,253 residential units, a school, parks, and other amenities. The City Council approved 98 single-family homes in December 2020. Construction is anticipated to begin in Mid-2021. A 186-unit affordable rental development is in the planning stages. Construction is anticipated to begin during the First Quarter 2022.
- ✓ Canyon Estates – A 35-single family large lot subdivision of custom homes was approved to begin construction in February 2021. Custom home lot sales are ongoing.

- ✓ Oat Hill Residential – A 206-unit multifamily development is proposed on 20-acres of Oat Hill. The project is currently in the entitlement review process. Public hearings are anticipated in the Second Quarter 2021.
- ✓ New Elementary School – The Napa Valley Unified School District is constructing a new elementary school on the west side of town to replace an outdated elementary school. The new school is proposed on 10-acres. Construction began September 2019 and is anticipated to be completed by Third Quarter 2021.

Paoli/Watson Lane Annexation

The City is working in partnership with Watson Lane and Paoli Loop residents on a Property Owner-Initiated annexation of 85 acres on the city's northeast boundary. The annexation area would facilitate construction of the Newell Road extension from its terminus in Watson Ranch to Highway 29. The Watson Lane residential area would remain in its current development pattern. Vacant land in the northern half of the annexation area could be considered for future urban uses following annexation.

General Plan Update

The City has begun a General Plan Update (GPU) for the first time since 1994. The General Plan is American Canyon's long-term blueprint for development of the City and any land outside its boundaries that bears relation to its planning. The Plan represents our community's view of its future and expresses the long-term growth and development goals. It addresses issues that impact the entire City, such as how land is used; where buildings are built; the locations of roads, schools, and parks; safety; noise; and much more. The Plan includes the implementation of both one-time projects and on-going programs. The GPU process will revisit all of the City's General Plan's chapters, conduct public outreach to get community feedback, and prepare the City's vision for the next 20 years. The City is conducting public outreach to define issues of importance prior to considering alternatives. The GPU is scheduled to be completed in the Second or Third Quarter 2022.

Water Supply

The critical droughts from 2013-2015 brought to the forefront the City's need to continue to seek out permanent, reliable water sources to serve our residents and businesses. The City receives nearly all of its water from the Department of Water Resources' (DWR) State Water Project (SWP). Generally, this "raw water" is treated at the City's Water Treatment Plant (WTP) and then distributed to residents and businesses in the City's Water Service Area (which is larger than the City limits proper). The City also maintains connections with the Cities of Napa and Vallejo, who are able to provide treated water supplies if necessary. The City's Urban Water Management Plan demonstrates that the City has sufficient water to meet projected needs in the next 20 years. However, the City could benefit from a greater variety of water sources, better water quality, and less expensive water sources. As such, the City is pursuing several important options, including participation in new, regional surface water projects and potable re-use of recycled water from our Water Reclamation Facility. In recent years, the City has invested heavily in maximizing both the water quality and quantity of recycled water produced at the Water Reclamation Facility. The City has been successful in reducing demand for potable water by as much as 408 acre feet per year through conversion of potable water, uses for irrigation to recycled water and permanent changes to landscape and irrigation techniques.

In 2017, the City joined as a member of the Sites Reservoir Project. The Sites Project is a new proposed "off-stream" water storage reservoir that would hold approximately 1.8 million acre feet. In 2021, the City will continue to participate on the project team that is pursuing funding and ultimately, construction of this new water supply project.

In May 2018, the City Council authorized new water rates beginning January 2019. The water rates will increase each of the next five years, with the last increase scheduled for January 2023. The City will no longer collect a

drought surcharge of two dollars per unit. The rate increases are required to meet operational requirements, construct improvements to existing aging infrastructure, and to establish funding necessary to pay for additional water purchases.

Cash Resources

The cash and investments held by the City are sufficient to move forward into the new fiscal year, conduct operations, and embark upon the planned capital asset improvement programs. Please see Note C – Cash and Investments beginning on page 40 of the CAFR.

Risk Management

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

Long-Term Debt Administration

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

Postemployment Benefits

The City directly participates in the Public Employees Retirement System (PERS) of the State of California for all full-time employees. The City plans to fund each year's required contribution for its regular and public safety plans based on rates calculated by PERS after analyzing the city's workforce. With respect to retiree health care costs, the City's practice has been to pay the same premium for retired employees' health care as it does for active employees. The City plans to fund its annual required contribution (ARC). The City and Fire District have entered into irrevocable trusts with PERS to fund retiree health benefits. The City is considering contributing to an irrevocable trust for retirement benefits, but no decision has yet been made. The Fire District has decided not to participate. Additional information about the City's pension plan is included in notes J and K to the financial statements and the required supplementary information section of this report. During 2017, the City completed negotiations with employees to reduce post-employment medical insurance benefits to future employees as they retire, resulting in a decrease in long-term liability.

Awards

The City was awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for its comprehensive annual financial report for the fiscal year ended June 30, 2019. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial report. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. In our opinion, the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA to determine its eligibility for recognition.

The City was awarded the Distinguished Budget Presentation Award by the GFOA and an Operating Budget Excellence Award by the California Society of Municipal Finance Officers for its fiscal year

2019-20 Annual Budget. These prestigious awards recognize conformance with the highest budget standards and are awarded based on both content and presentation criteria. These awards are valid for a period of one year only.

Acknowledgements

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Jason B. Holley". The signature is written in a cursive, flowing style.

Jason B. Holley
City Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of American Canyon
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF AMERICAN CANYON

PRINCIPAL OFFICIALS

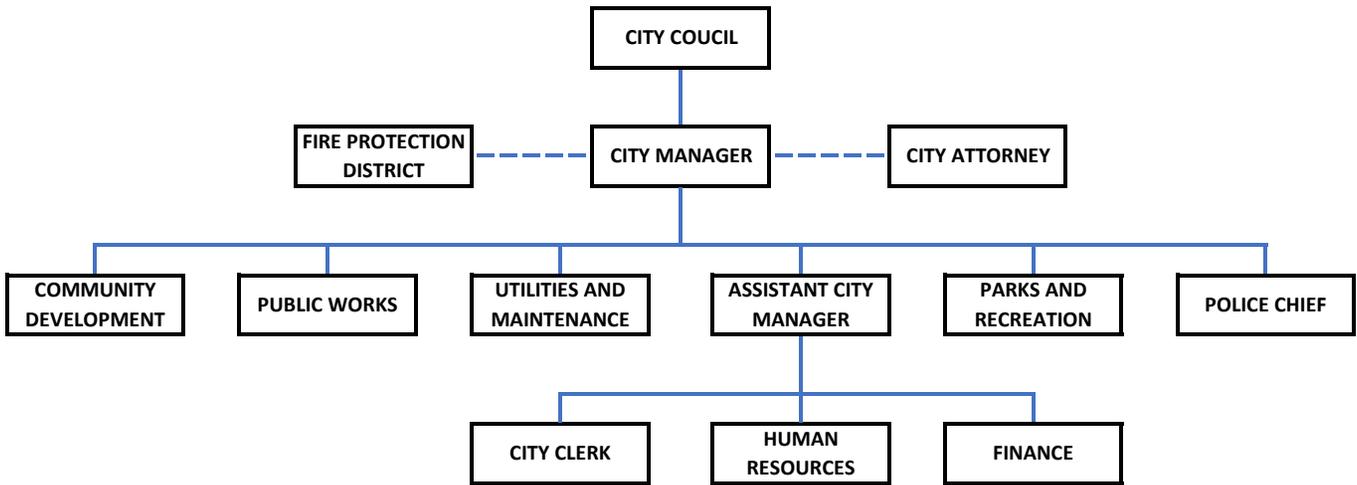
YEAR ENDED JUNE 30, 2020

CITY COUNCIL

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

ADMINISTRATIVE PERSONNEL

City Manager	Jason Holley
Assistant City Manager	Maria Ojeda
City Clerk	Suellen Johnston
Police Chief	Oscar Ortiz
Fire Chief	Glen Weeks
City Attorney	William Ross
Interim Finance Director.....	Tracy Vesely
Public Works Director.....	Rick Kaufman
Community Services Director	Brent Cooper
Parks and Recreation Director.....	Creighton Wright





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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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of American Canyon, California, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Fire District Operations Special Revenue Fund, CDBG, CalHome and HOME Loan Development Special Revenue Fund, Storm Drainage Special Revenue Fund, State and Federal Grants - City Special Revenue Fund and the Affordable Housing Capital Projects Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The introductory section, budgetary comparison for the major capital projects fund, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparisons for the major capital projects fund and combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison for the major capital projects fund and combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

To the City Council
City of American Canyon, California

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

Richardson & Company, LLP

February 25, 2021

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, 2020. Please read it in conjunction with the City's audited financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's total net position increased by about \$1.3 million over the course of this year's operations after conducting all City operations and programs. The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$358.8 million at the end of the 2020 fiscal year. Of that amount, \$14.4 million (the unrestricted net position) may be used to meet the City's ongoing obligations and operating expenses for the next fiscal year.
- Governmental Funds reported combined fund balances of \$37.5 million at June 30, 2020, an increase of \$2.9 million compared to the prior year. Of these fund balances, \$0.4 million is non-spendable, \$21.7 million is restricted, \$7.3 million is committed, \$5.9 million is assigned, and \$2.2 million is unassigned.
- Overall, city-wide revenues from all governmental and business-type activities were \$45.6 million, an increase of about \$0.6 million compared to the prior year. This amount includes \$1.9 million from grants and capital contributions.
- The City's total expenses for all programs in fiscal year 2019-20 was \$44.3 million, an increase of \$1.5 million compared to the prior year.
- The General Fund ended fiscal year 2019-20 with a fund balance of \$10.8 million, an increase of \$0.4 million compared to the prior year of which \$2.7 million was unassigned. The Fire District Operations Fund ended fiscal year 2019-20 with a \$5.9 million fund balance, and is unchanged compared to the prior year. The CDBG, CalHome and HOME Loan Development Special Revenue fund ended fiscal year 2019-20 with a fund balance of near breakeven, an increase of \$0.1 million compared to the prior year. The Storm Drainage fund ended fiscal year 2019-20 with a fund balance of \$7.4 million, and is unchanged compared to the prior year. The State and Federal Grants - City Special Revenue funds ended fiscal year 2019-20 with a fund balance deficit of \$0.4 million, a decrease of \$0.4 million compared to the prior year. The Affordable Housing Capital Projects fund ended fiscal year 2019-20 with a fund balance of \$0.3 million, an increase of \$0.5 million compared to the prior year. Other Governmental Funds reported a cumulative fund balance of \$13.6 million available for special purposes, primarily infrastructure and capital asset additions.
- The City ended fiscal year 2019-20 with \$20.6 million of available net position in its enterprise funds consisting of restricted and unrestricted net position. Internal Service Funds ended fiscal year 2019-20 with a cumulative net position of \$0.8 million, a decrease of \$0.7 million compared to the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

- The *governmental funds* statements tell how *general government* services such as public safety, community development, parks and recreation, public works and streets were financed in the *short term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short and long-term* financial information about the activities the government *operates like businesses*, such as the City's water and wastewater systems.

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

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

Figure A-1
Major Features of City of American Canyon's Government-Wide and Fund Financial Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

Fund Financial Statements

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

- The City's major funds, including the *General Fund; Fire District Operations; CDBG, CalHome and HOME Loan Development; Storm Drainage; State and Federal Grants – City and Affordable Housing* are reported in separate columns, and all other governmental funds are aggregated in a single column.
- The City establishes other funds to control and manage money for particular purposes. Some funds are maintained to demonstrate that the City is properly using certain specific fees for their intended purpose (such as the City's impact fee funds).
- Other funds are maintained for similar purposes but also demonstrate the City's ability to repay its long-term debt obligations, such as bonds.

The City has three kinds of funds:

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

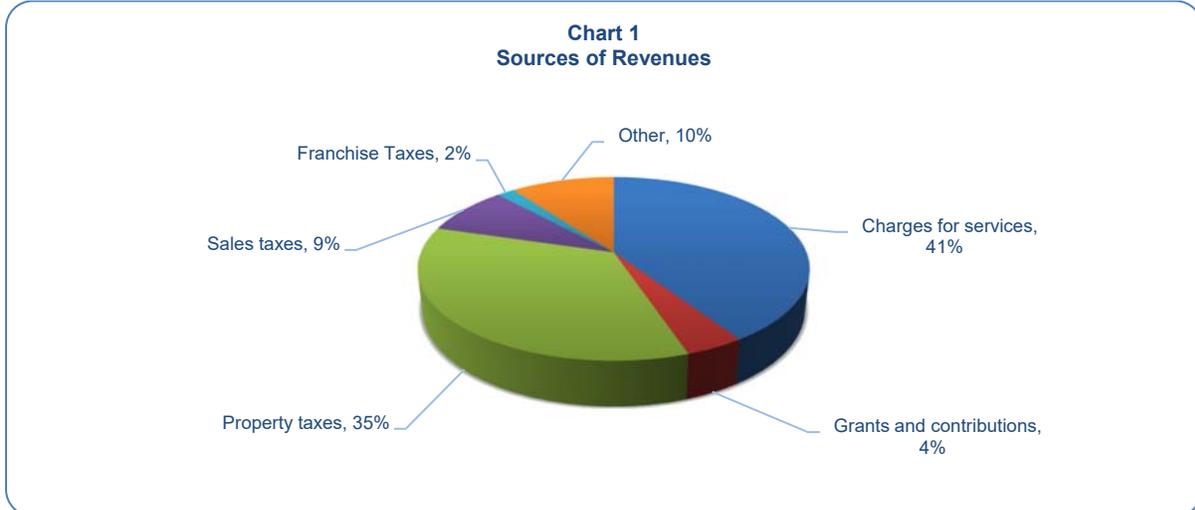
Net Position. As summarized in Table A-1 below, the City's *combined* net position increased \$1.3 million between fiscal years 2019 and 2020.

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

	Governmental <u>Activities</u>		Business-Type <u>Activities</u>		<u>Total</u>		Total Percentage <u>Change</u>
	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019-2020</u>
Current and other assets	46.1	48.8	21.8	24.5	67.9	73.3	8.0%
Capital assets	<u>267.0</u>	<u>266.6</u>	<u>54.4</u>	<u>51.9</u>	<u>321.4</u>	<u>318.4</u>	-0.9%
Total assets	313.1	315.4	76.2	76.3	389.3	391.7	0.6%
Deferred Outflow of Resources	4.7	5.3	0.8	1.0	5.6	6.3	13.9%
Long-term debt outstanding	26.1	26.7	7.9	7.0	34.0	33.7	-0.9%
Other liabilities	<u>1.6</u>	<u>2.2</u>	<u>0.6</u>	<u>1.1</u>	<u>2.2</u>	<u>3.3</u>	50.5%
Total liabilities	27.7	28.9	8.5	8.1	36.2	37.0	2.2%
Deferred Inflows of Resources	1.0	2.0	0.2	0.2	1.2	2.2	90.7%
Net investment in capital assets	260.7	260.8	49.8	48.5	310.5	309.3	-0.4%
Restricted	27.4	29.4	5.3	5.8	32.7	35.1	7.6%
Unrestricted	<u>1.0</u>	<u>(0.4)</u>	<u>13.2</u>	<u>14.8</u>	<u>14.2</u>	<u>14.4</u>	1.2%
Total net position	<u>289.1</u>	<u>289.7</u>	<u>68.3</u>	<u>69.1</u>	<u>357.4</u>	<u>358.8</u>	0.4%

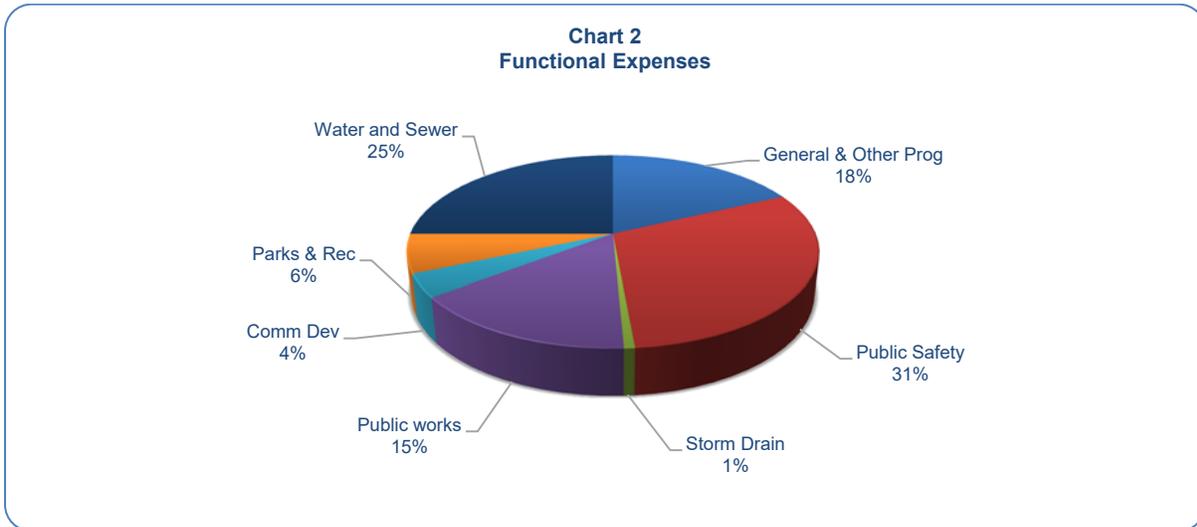
MANAGEMENT'S DISCUSSION AND ANALYSIS

The net position of the City's governmental and business-type activities increased 0.4% to \$358.8 million. The increase was primarily due to strong performance in Public Works centered on Charges for Services, countered by weaker performance from cost increases for Pension, Compensated Absences, and Wages paid in General Government, and increased Law Enforcement Services contract costs in Public Safety. Approximately 86.2% of the City's net position is invested in capital assets such as buildings, land, equipment and facilities. About \$0.6 million of ongoing capital projects capital assets were purchased this fiscal year and are invested in projects such as the Devlin Road – Segment "E" project (\$0.4 million) and the Sites Reservoir project (\$0.1 million) in Water, and in various Internal Service Funds fleet vehicles, radios, and fleet operations equipment (\$0.1 million). The remaining 13.8% of net position is represented by restricted and unrestricted net position. Notable receivables are the \$1.6 million in Property Taxes and \$0.5 million from Measure T fund. Approximately \$0.8 million of Intergovernmental Receivables include projects such as the Green Island Road Reconstruction & Widening, Priority Development Area Project, Automated Meter Infrastructure and HOME Loan Assistance Program. About 91.1% of the City's total liabilities are represented by long-term obligations including pension liabilities, lease revenue bonds, capital leases and loans from the State of California. A more detailed list of long-term liabilities is found in Note G – Long-Term Liabilities on pages 53-57.



Changes in net position. The City's major sources of revenue and functional expenses are presented in charts 1 and 2. As summarized in Table A-2 on page 10, revenues for fiscal year 2019-20 totaled \$45.6 million, an increase of \$0.6 million or 1.4% from the prior year. Charges for Services increased by \$1.9 million or 11.9%, which is composed of a \$1.7 million increase in Public Works services provided, an increase of \$0.4 million in Water Service Charges, a \$0.3 million increase in Public Safety Strike Team Reimbursements, which is offset by a reduction of \$0.5 million in Community Development attributed to Plan Review. Capital and Operating Grants and Contributions decreased by \$1.6 million, primarily due to a \$0.8 million reduction in Public Works Federal Grants and Developer Contributions in Lieu, and a \$0.7 million reduction in Federal Grants to Community Development. The City's primary source of discretionary revenue is property taxes which totaled \$15.8 million or 34.6% of total revenues for the year and increased by 5.0% over fiscal year 2018-19 due to continued improvement in assessed valuation. Sales tax revenue decreased by \$0.3 million or negative 7.9% to \$3.9 million in fiscal year 2019-20. Approximately \$11.8 million or 25.9% of all City revenues were generated from water and wastewater service fees.

MANAGEMENT'S DISCUSSION AND ANALYSIS



The total cost for all programs and services in fiscal year 2019-20 was \$44.3 million which includes a wide range of services such as public safety, public works, community development, parks and recreation programs, storm drain, water and wastewater treatment plants and related distribution and collection systems. Major types of expenditures by function are shown in Chart 2. As summarized in Table A-2, for fiscal year 2019-20, expenses increased by \$1.5 million or 3.4%. In this fiscal year, the General Government expenses increased by \$1.7 million, a 28.7% increase from the prior year largely due to an increase of \$0.6 million for Pension Expense, an increase of \$0.4 million in Compensated Absences, and an increase of \$0.5 million in Wages paid. Public Safety expenses increased \$1.3 million, a 10.0% increase from the prior year, primarily due to an increase in Law Enforcement Services contract of \$0.5 million, a \$0.3 million increase in Fire District Uninsured Claims paid, an increase of \$0.2 million in Compensated Absences, and increases in Wages paid. Public Works, Community Development, and Parks and Recreation expenses all decreased from the prior year. Those decreases were \$0.9 million (negative 11.4%), \$0.8 million (negative 32.3%), and \$0.5 million (negative 15.8%), respectively. Those expense reductions were to answer the negative impact of the COVID-19 pandemic. Water expenses increased by \$0.6 million to \$6.6 million, an increase of 10.6% compared to the prior year. Wastewater expenses were unchanged compared to prior year at \$4.4 million.

The City's largest operating expense was public safety services. The City's cost to provide police and fire protection services was \$13.6 million or 30.7% of the City's total operating expenses followed closely by the water and sewer which collectively comprised 24.8% of total expenses. Public Works and Storm Drain departments accounted for 16.0% of expenses, Parks and Recreation 6.5%, and Community Development 3.8%. The remaining 18.1% was expended on general City administration and other programs.

When all operations were concluded, governmental activities created a \$0.6 million increase in net position and business activities increased \$0.8 million for 2019-20.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities		Business Type Activities		Total		Total Percentage Change
	2019	2020	2019	2020	2019	2020	2019-2020
Revenues							
Program revenues							
Charges for services	5.3	6.8	11.3	11.8	16.6	18.5	11.9%
Grants and contributions - operating	1.3	1.1	0.2	0.2	1.6	1.4	-15.2%
Grants and contributions - capital	1.7	0.1	0.2	0.5	1.9	0.5	-71.4%
General revenues							
Property taxes	15.1	15.8	-	-	15.1	15.8	5.0%
Franchise taxes	0.7	0.8	-	-	0.7	0.8	12.1%
Sales taxes	4.2	3.9	-	-	4.2	3.9	-7.9%
Other	4.1	3.9	0.8	0.8	4.9	4.6	-5.3%
Total revenues	32.4	32.4	12.5	13.2	45.0	45.6	1.4%
Expenses							
General government	6.0	7.7	-	-	6.0	7.7	28.7%
Public Safety	12.3	13.6	-	-	12.3	13.6	10.0%
Public works	7.7	6.8	-	-	7.7	6.8	-11.4%
Community Development	2.5	1.7	-	-	2.5	1.7	-32.3%
Parks and Recreation	3.4	2.9	-	-	3.4	2.9	-15.8%
Storm Drain	0.3	0.3	-	-	0.3	0.3	11.2%
Water	-	-	6.0	6.6	6.0	6.6	10.6%
Wastewater	-	-	4.4	4.4	4.4	4.4	1.0%
Other	0.2	0.3	-	-	0.2	0.3	9.0%
Total expenses	32.4	33.2	10.4	11.1	42.8	44.3	3.4%
Excess (deficiency) before transfers	0.0	(0.8)	2.1	2.1	2.2	1.3	-41.1%
Transfers	0.6	1.4	(0.6)	(1.4)	-	-	0.0%
Increase(decrease) in net position	0.6	0.6	1.5	0.7	2.2	1.3	-41.1%
Net position, beginning	288.5	289.1	66.8	68.3	355.3	357.4	0.6%
Net position, ending	289.1	289.7	68.3	69.1	357.4	358.8	0.4%

MANAGEMENT'S DISCUSSION AND ANALYSIS

City Program Costs

Table A-3 presents the cost of each of the City's six largest programs: Public Safety, Public Works, Parks and Recreation, Water, Wastewater, and Community Development.

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

	Total Cost of Services		Percentage
	2019	2020	Change 2019-2020
Public Safety	\$ 12.3	\$ 13.6	10.3%
PW (includes Storm drain)	8.0	7.1	-11.3%
Community Development	2.5	1.7	-32.0%
Parks and Recreation	3.4	2.9	-14.8%
Water	6.0	6.6	10.4%
Waste water	4.4	4.4	1.0%
All other	6.2	7.9	27.9%
Total	\$ 42.8	\$ 44.3	3.4%

The cost of all programs this year was \$44.3 million, an increase of \$1.5 million, or 3.4%, over the prior year. For governmental activities, overall program costs increased \$0.8 million, or 2.5%, mostly due to a \$1.3 million increase in Public Safety costs and a \$0.9 million increase in pension expense.

Governmental Activities

As detailed on the Statement of Activities, the City's governmental program expenses totaled \$33.2 million during the year. Program revenues, including grants, totaled \$8.0 million leaving the City to fund the balance of \$24.4 million with general revenues. Program revenues increased by \$0.3 million while expenditures increased by \$0.8 million over the prior year. The increase in the Program Revenues was due to an increase in Charges for Services. Expenditure reductions were prioritized due to the onset of the COVID-19 pandemic.

Business-Type Activities

At 2019-20 fiscal year-end, the net position for the City's enterprise funds or business-type activities, the City's Water and Wastewater funds, increased by \$0.8 million over the prior year. In fiscal year 2019-20, charges for services increased by approximately \$0.5 million or 4.4% compared to the prior year. Water and Wastewater revenues changed by positive 5.4% and negative 0.2% respectively compared to 2018-19. The increase for Water was primarily due to an increase in Charges for Services. Water fund expenses increased by \$0.6 million or 10.0% compared to fiscal year 2018-19 and was primarily from increases in payments to the North Bay Aqueduct and City of Napa, \$0.2 million each, for water rights and water purchases, and increases in Wages paid. Wastewater fund expenses remained relatively unchanged at \$4.4 million with an increase of 1.0%.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

At the end of fiscal year 2019-20, the City's governmental funds had a combined fund balance of \$37.5 million, about \$2.9 million more than the prior year. This can be attributed to the new Newell Park Open Space project, which added \$1.3 million of restricted fund balance in 2019-20; the General Fund's better than expected performance and cost cuts increased fund balance \$0.4 million; increased

MANAGEMENT'S DISCUSSION AND ANALYSIS

intergovernmental revenues led to a State and Federal Grants fund balance deficit reduction of \$0.4 million; and charges for services for Affordable Housing led to a \$0.5 million increase in that fund balance, bringing it positive at year end.

The City's Cash and Investment accounts increased by \$12.4 million compared to the prior year, totaling \$68.8 million at fiscal year end. The City's Restricted Cash and Investments totaled \$9.1 million of that balance. Fiduciary Funds comprised another \$9.0 million of that balance. The Water and Wastewater enterprise funds ended the year with \$16.6 million in cash and investments available for future use.

The City's General Fund had an deficiency of revenues over expenditures of \$0.8 million before other financing sources. General Fund Property Taxes increased by \$0.6 million, Sales Taxes decreased by \$0.2 million, Other Taxes decreased by \$0.7 million, and Charges for Services decreased by \$0.9 million compared to the prior year. The City's General Fund Expenditures decreased by \$0.6 million mostly due to cuts made midyear due to the COVID-19 pandemic, primarily in Public Works, Community Development, and Parks and Recreation. The Transfers in from Other Funds decreased by \$0.3 million compared to the prior year mostly due to lower transfers for Support Services across the General Fund and transfers for Measure A for Public Works. After including inter-fund transfers, the General Fund ended the fiscal year with an excess of \$0.4 million. The Fire District Operations fund balance increased by \$0.1 million or 0.9% as a result of fiscal year 2019-20 operations.

The City's non-major governmental funds ended the fiscal year with a consolidated fund balance of \$13.6 million. The total fund balance of \$13.6 million is restricted with externally enforceable legal restrictions.

General Fund Budgetary Highlights

Over the course of the year, the City Council amended the City budget numerous times. These budget amendments were done throughout the year to fund new projects, avoid cost overruns, to account for unanticipated revenues, and in reaction to the COVID-19 pandemic. Additionally, adjustments were made as a result of the mid-year budget review. At year-end, including all adjustments, actual General Fund expenditures, were \$2.3 million less than final budget amounts. The largest cost in the General Fund, public safety, remained relatively constant, increasing approximately \$0.3 million in fiscal year 2019-20. Overall, fiscal year 2019-20 General Fund expenditures were reduced by \$0.5 million, or 2.7% over the prior year to \$19.6 million.

The General Fund's fund balance increased by \$0.4 million from June 30, 2019 to June 30, 2020. The General Fund's primary source of discretionary revenue is property taxes which totaled \$11.1 million or 58.9% of total revenues for the year and increased by 5.4% over the prior year. This was over budget \$0.1 million. Due to the impact of the COVID-19 pandemic, non-property taxes came in under budget by \$0.5 million and Charges for Services were \$1.0 million less than anticipated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the City had invested \$318.4 million (net of accumulated depreciation) in a broad range of capital assets, including land, vehicles, equipment, the water and wastewater systems, streets, and other capital assets (see Table A-4). This amount represents a net decrease, after additions and deductions, of about \$2.9 million or negative 0.9% compared to the prior year. Additional information can be found in the notes to the financial statements, Note F – Capital Assets pages 50-53.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2019	2020	2019	2020	2019	2020	2019-2020
Land	\$ 9.6	\$ 9.6	\$ 2.2	\$ 2.2	\$ 11.8	\$ 11.8	0.0%
Construction in progress	3.2	4.1	3.0	3.1	6.2	7.2	16.9%
Buildings and Improvements	31.7	30.0	3.6	3.4	35.3	33.4	-5.4%
Machinery and Equipment	2.0	2.4	1.6	1.3	3.6	3.7	3.3%
Water utility system			24.9	23.9	24.9	23.9	-4.0%
Wastewater system			19.1	18.0	19.1	18.0	-5.8%
Infrastructure system	220.5	220.4			220.5	220.4	0.0%
Total	\$267.0	\$266.6	\$54.4	\$51.9	\$321.4	\$318.4	-0.9%

Long - Term Debt

At the end of fiscal year 2019-20, the City had about \$9.1 million in long-term debt obligations outstanding. Of the \$9.1 million, \$3.3 million relates to the City's business-type activities and the remaining \$5.8 million is applicable to governmental type financing activities. The City's component-unit, the City of American Canyon's Fire Protection District, has no long-term debt obligations.

For governmental type activities, the major long-term debt year-end balances consist of \$0.3 million in 2012 lease revenue bonds issued to refinance 2002 lease revenue bonds which were used to construct the City gym and aquatic center; a \$4.3 million capital lease to purchase a commercial office building that was transformed into City Hall; and a \$0.1 million capital lease to purchase a Vector Truck for sewer, water and storm drain maintenance. Additional information about the City's long-term obligations can be found in the notes to the financial statements, Note G – Long Term Liabilities, on pages 53-57. The City and Walmart agreed to share the cost of the traffic light and improvements at SR29. Walmart constructed the street light at a cost of \$1.6 million and the City has agreed to reimburse Walmart for 75.85% of the cost or \$1.2 million. The City reimbursed Walmart \$179,796 in 2013. The remaining amount is expected to be paid over a period of 15 years, but terms of the repayment have not yet been formalized.

For business-type activities, major long-term debt year-end balances are comprised of a \$2.1 million State Revolving Fund loan used for construction of the City's wastewater treatment plant facility; \$0.6 million State loan for water system improvement; a \$0.6 million capital lease for the acquisition and installation of the wastewater treatment membrane; and a capital lease retired in 2019-20 for the acquisition and installation of the water treatment membranes. The City has no bonded debt outstanding for its business-type activities.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

In the United States, one month the economy was fine, the next it was in complete freefall. With the second quarter of 2020 behind us, we have a good idea of the damage generated by the pandemic – output dropped almost 12% from the fourth quarter of 2019 to the second quarter of 2020, the sharpest

MANAGEMENT'S DISCUSSION AND ANALYSIS

decline ever recorded. The big question is where does the economy go from here? A collapse in consumer spending occurred, but not because people couldn't spend money (driven by a collapse of wealth), but because fear and caution surrounding the coronavirus itself prevented them from spending. A prime example is the healthcare industry. Over one-third of the decline in consumer spending occurred from a drop in healthcare consumption. Healthcare is not a cyclical sector and did not experience a single quarter of lower spending in previous cycles. Therefore, the hit this time was not driven by reduced demand but because the healthcare system deferred non-essential visits until the virus was brought under control. So to answer the big question – there is an expected bounce back in economic activity in the second half of 2020, aided by the resumption of delayed spending.

In California, pandemic uncertainties, fires, childcare issues, and bankruptcies are expected to result in uneven gains through 2020-21 with each local government jurisdiction's experience differing according to the scope and character of their individual tax bases. Overall recovery and improvement in statewide receipts is not expected to begin until 2021-22.

American Canyon's sales tax receipts from April 2020 through June 2020 were 3.6% below the same period in 2019. Excluding reporting aberrations, actual sales were down 12.1%. Second quarter 2020 was the economic bottoming out from the COVID-19 pandemic. Fewer travelers and capacity limits had a profound negative impact on overall results. While temporary closure reduced receipts in building materials, an uptick in agricultural supplies resulted in a 23% gain. Due to the growth in Countywide online sales, the City's allocation grew by 37.5%, which offset some of the losses from point of sale. Net of aberrations, taxable sales for all of Napa County declined 27.5% over the comparable time period and the Bay Area was down 21.6%.

Approximately 50% of general fund revenue received is from property taxes. The City of American Canyon experienced a net taxable value increase of 2.6% for the 2020-21 tax roll, which was somewhat less than the increase experienced countywide at 5.3%. The City of American Canyon's 2020-21 annual budget projects a 2.1% increase. The assessed value increase between 2019-20 and 2020-21 was \$86.0 million. The change attributed to the 2% Proposition 13 inflation adjustment was \$50.1 million, which accounted for 58% of all growth experienced in the city.

Growth in the number of home sales slowed and, even, declined by mid-2019. Fewer properties were on the market compared with 2018 despite declining mortgage rates. In 2019, economists forecasted a weaker housing market in 2020, even for cities who had achieved pre-recession peak values. In 2020, sale prices have risen as the number of sales declined significantly due to the COVID19 stay at home orders. Prices have continued to rise in response to lower inventory and lower interest rates. The median sale price of a detached single family residential home in American Canyon from January through August 2020 was \$530,000. This represents a \$29,500 (5.9%) increase in median sale price from 2019.

Detached Single Family Residence – City of American Canyon

Year	D-SFR Sales	Median Price	% Change
2016	218	\$437,500	2.94%
2017	210	\$478,000	9.26%
2018	185	\$515,000	7.74%
2019	199	\$500,500	-2.82%
2020	105	\$530,000	5.89%

Over the past two years, industry experts expressed concerns about sales volumes declining due to buyer anticipation of a potential drop in housing prices. While a reduction in the number of single-family

MANAGEMENT'S DISCUSSION AND ANALYSIS

home sales was experienced in many areas in the past two years and sales price changes reflected modest declines or increases, these market trends were suddenly impacted by the COVID-19 pandemic beginning in March 2020. The number of home sales has dropped significantly as potential buyers stayed home. After major reductions in the number of sales in April and May, sales rebounded. Median sales prices for June increased by 6.5% over May and were up by 2.5% over June 2019. The 30-year, fixed-mortgage interest rate averaged 3.16% in June, down from 3.80% in June 2019.

Home Sales - Comparison by County:

All Homes	Units Sold June 2019	Units Sold June 2020	% Change	Median Price June 2018	Median Price June 2019	% Change
Napa County	172	154	-10.47%	\$700,000	\$617,750	-11.75%
Solano County	622	551	-11.41%	\$435,000	\$455,000	4.60%
Contra Costa County	1,427	1,187	-16.82%	\$660,000	\$675,500	2.27%
San Francisco County	492	350	-28.86%	\$1,400,000	\$1,447,500	3.39%

In the last several years, the City has benefitted from increased assessed valuations as the County Assessor has restored much of the value lost during the recession. There is still approximately \$71 million left to be restored on the homes reduced during the great recession. This amount increased from last year due to the reduction in median home values in 2019. This is approximately 0.02% of the citywide value.

2020-21 Taxable Property Values:

Combined Values	Total
Total Values	\$3,482,439,834
Total Exemptions	\$72,990,160
Net Total Values	\$3,409,449,674

The City anticipates further increases in assessed valuation due to growing interest in industrial and residential development. Key development projects include the Broadway District Specific Plan, the Village at Vintage Ranch apartments, continued development of Napa Logistics Park, and Watson Ranch, the long-planned mixed-use commercial/retail town center. The City is also embarking on a General Plan Update, American Canyon's blueprint for development of the City and any land outside its boundaries that bears relation to its planning.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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CITY OF AMERICAN CANYON
Statement of Net Position
June 30, 2020

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 37,186,242	\$ 16,551,977	\$ 53,738,219
Restricted cash and investments	290,867	5,766,873	6,057,740
Taxes receivable	1,629,671		1,629,671
Accounts receivable, net	505,045	2,016,766	2,521,811
Internal balances	(54,892)	54,892	
Interest receivable	154,504	80,576	235,080
Due from other governments	808,029		808,029
Property held for resale	562,773		562,773
Prepaid expenses and other assets	313,544	4,271	317,815
Loans receivable, net	7,397,488		7,397,488
Capital assets:			
Non-depreciable	176,018,113	5,323,867	181,341,980
Depreciable, net of accumulated depreciation	90,551,066	46,544,612	137,095,678
Total capital assets	<u>266,569,179</u>	<u>51,868,479</u>	<u>318,437,658</u>
TOTAL ASSETS	<u>315,362,450</u>	<u>76,343,834</u>	<u>391,706,284</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding of debt	8,334		8,334
Pension plan	3,486,210	643,898	4,130,108
OPEB plans	1,813,177	389,414	2,202,591
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>5,307,721</u>	<u>1,033,312</u>	<u>6,341,033</u>
LIABILITIES			
Accounts payable	1,379,576	855,877	2,235,453
Accrued expenses	540,732	490	541,222
Unearned revenue	204,493		204,493
Accrued interest payable	33,371	54,646	88,017
Deposits	79,257	185,257	264,514
Long-term liabilities:			
Due within one year			
Bonds, capital leases and contracts	590,709	1,054,371	1,645,080
Compensated absences	667,448	179,232	846,680
Workers compensation claims and judgments	1,064,318		1,064,318
Due in more than one year			
Bonds, capital leases and contracts	5,189,672	2,332,943	7,522,615
Compensated absences	123,646	12,682	136,328
Net pension liability	13,287,649	2,309,939	15,597,588
Net OPEB liability	5,778,875	1,095,573	6,874,448
TOTAL LIABILITIES	<u>28,939,746</u>	<u>8,081,010</u>	<u>37,020,756</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan	528,335	126,564	654,899
OPEB plans	1,488,071	106,072	1,594,143
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,016,406</u>	<u>232,636</u>	<u>2,249,042</u>
NET POSITION			
Net investment in capital assets	260,797,132	48,481,165	309,278,297
Restricted for:			
Public safety	1,389,219		1,389,219
Public works	11,176,660		11,176,660
Storm drain projects	7,371,756		7,371,756
Community development, planning and building	7,679,026		7,679,026
Parks	1,681,294		1,681,294
Capacity expansion		5,766,873	5,766,873
Other activities	58,796		58,796
Unrestricted	(439,864)	14,815,462	14,375,598
TOTAL NET POSITION	<u>\$ 289,714,019</u>	<u>\$ 69,063,500</u>	<u>\$ 358,777,519</u>

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

CITY OF AMERICAN CANYON
Statement of Activities
For the Year Ended June 30, 2020

<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	\$ 7,679,164	\$ 769,362	\$ 18,867	
Public safety	13,572,574	1,717,683	325,803	
Public works	6,779,915	2,503,299	743,797	\$ 71,879
Community development	1,700,509	1,628,919	59,725	
Parks and recreation	2,895,566	156,108		
Storm drain	315,909			
Interest on long-term debt	249,866			
TOTAL GOVERNMENTAL ACTIVITIES	33,193,503	6,775,371	1,148,192	71,879
Business-type activities				
Water	6,621,301	7,332,195	202,017	332,487
Wastewater	4,446,395	4,421,975	5,393	136,046
Total business-type activities	11,067,696	11,754,170	207,410	468,533
TOTAL PRIMARY GOVERNMENT	\$ 44,261,199	\$ 18,529,541	\$ 1,355,602	\$ 540,412
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Franchise taxes				
Sales taxes				
Other taxes				
Unrestricted investment earnings				
Other				
Transfers, net				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

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

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (6,890,935)		\$ (6,890,935)
(11,529,088)		(11,529,088)
(3,460,940)		(3,460,940)
(11,865)		(11,865)
(2,739,458)		(2,739,458)
(315,909)		(315,909)
(249,866)		(249,866)
<u>(25,198,061)</u>		<u>(25,198,061)</u>
	\$ 1,245,398	1,245,398
	117,019	117,019
	1,362,417	1,362,417
<u>(25,198,061)</u>	<u>1,362,417</u>	<u>(23,835,644)</u>
15,835,876		15,835,876
784,698		784,698
3,891,032		3,891,032
1,757,672		1,757,672
1,353,014	617,052	1,970,066
777,427	136,923	914,350
<u>1,396,387</u>	<u>(1,396,387)</u>	
<u>25,796,106</u>	<u>(642,412)</u>	<u>25,153,694</u>
598,045	720,005	1,318,050
<u>289,115,974</u>	<u>68,343,495</u>	<u>357,459,469</u>
<u>\$ 289,714,019</u>	<u>\$ 69,063,500</u>	<u>\$ 358,777,519</u>

CITY OF AMERICAN CANYON
Balance Sheet
Governmental Funds
June 30, 2020

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Fire District Operations Special Revenue</u>	<u>CDBG, CalHome and HOME Loan Development Special Revenue</u>	<u>Storm Drainage Special Revenue</u>
ASSETS				
Cash and investments	\$ 10,109,280	\$ 6,042,238	\$ 26,249	\$ 7,344,796
Restricted cash and investments				
Taxes receivable	1,020,638	98,782		
Accounts receivable, net	300,802	19,590		
Interest receivable	55,563	20,987		26,960
Due from other governments	48,068			
Due from other funds	723,770			
Property held for resale	412,503			
Prepaid expenditures and deposits	20,736	16,317		
Loans receivable, net	10,886		2,167,487	
TOTAL ASSETS	\$ 12,702,246	\$ 6,197,914	\$ 2,193,736	\$ 7,371,756
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,034,992	\$ 113,218		
Accrued expenses	379,950	157,747	\$ 2,985	
Unearned revenue	204,493			
Deposits	79,257			
Due to other funds			62,017	
TOTAL LIABILITIES	1,698,692	270,965	65,002	
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	212,421		2,167,487	
TOTAL DEFERRED INFLOWS OF RESOURCES	212,421		2,167,487	
FUND BALANCES				
Nonspendable:				
Property held for resale	412,503			
Prepaid expenditures and deposits	20,736	16,317		
Restricted for:				
Public safety	219,472	100,000		
Public works				
Storm drain projects				\$ 7,371,756
Community development, planning and building	51,425			
Parks				
Other activities	58,796			
Committed	6,155,254	1,125,743		
Assigned	1,222,691	4,684,889		
Unassigned	2,650,256		(38,753)	
TOTAL FUND BALANCES	10,791,133	5,926,949	(38,753)	7,371,756
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 12,702,246	\$ 6,197,914	\$ 2,193,736	\$ 7,371,756

The accompanying notes are an integral part of these financial statements

Major Funds

State and Federal Grants - City Special Revenue	Affordable Housing Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 251,024	\$ 112,527	\$ 12,844,494	\$ 36,730,608
		290,867	290,867
		510,251	1,629,671
		43,806	364,198
	1,157	47,496	152,163
677,509		82,452	808,029
			723,770
	150,270		562,773
			37,053
	5,128,190	90,925	7,397,488
<u>\$ 928,533</u>	<u>\$ 5,392,144</u>	<u>\$ 13,910,291</u>	<u>\$ 48,696,620</u>
\$ 11,495		\$ 173,523	\$ 1,333,228
			540,682
			204,493
			79,257
651,360		10,393	723,770
<u>662,855</u>		<u>183,916</u>	<u>2,881,430</u>
677,509	\$ 5,128,190	147,652	8,333,259
677,509	5,128,190	147,652	8,333,259
			412,503
			37,053
		1,013,020	1,332,492
		10,890,982	10,890,982
			7,371,756
	263,954	4,912	320,291
		1,681,294	1,681,294
			58,796
			7,280,997
			5,907,580
(411,831)		(11,485)	2,188,187
<u>(411,831)</u>	<u>263,954</u>	<u>13,578,723</u>	<u>37,481,931</u>
<u>\$ 928,533</u>	<u>\$ 5,392,144</u>	<u>\$ 13,910,291</u>	<u>\$ 48,696,620</u>

CITY OF AMERICAN CANYON
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2020

Total fund balance, governmental funds	\$ 37,481,931
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	266,569,179
Revenues and loans receivable, which are deferred on the fund balance sheets because they are not available currently, are recognized as revenue in the Statement of Activities.	8,333,259
Internal service funds are used by management to charge the costs of activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position. This amount excludes long-term assets and liabilities reported separately below.	498,023
Long-term assets and liabilities are not due and payable in the current period and are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.	
Prepaid rent	276,000
Accrued interest payable	(33,371)
Bonds, capital leases and contracts	(5,780,381)
Compensated absences	(791,094)
Uninsured claims	(1,064,318)
Net pension liability	(13,287,649)
Net OPEB liability	(5,778,875)
Deferred amounts on refunding are reported as deferred outflows of resources in the government-wide financial statements, but are not reported in the governmental fund statements.	8,334
Employee pension differences to be recognized in the future as pension expense are reported as deferred outflows and inflows of resources on the Statement of Net Position.	2,957,875
Employee OPEB differences to be recognized in the future as OPEB expense are reported as deferred outflows and inflows of resources on the Statement of Net Position.	325,106
NET POSITION OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION	\$ 289,714,019

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

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CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>Major Funds</u>			
	<u>General Fund</u>	<u>Fire District Operations Special Revenue</u>	<u>CDBG, CalHome and HOME Loan Development Special Revenue</u>	<u>Storm Drainage Special Revenue</u>
REVENUES				
Property taxes	\$ 11,080,513	\$ 4,640,645		
Sales taxes	2,463,610			\$ 45,537
Other taxes	2,103,069	658,922		
Special assessments				
Fines and forfeitures	65,455			
Licenses and permits	518,559			
Intergovernmental	94,001		\$ 185,411	
Charges for services	960,136	410,451		
Use of money and property	1,044,514	118,947	(298)	153,534
Other	480,120	181,834	2,540	
TOTAL REVENUES	18,809,977	6,010,799	187,653	199,071
EXPENDITURES				
Current:				
General government	5,647,853			
Public safety	7,190,904	5,738,933		
Public works	2,882,877			
Community development	1,597,182		72,946	
Parks and recreation	1,839,166			
Storm drain	324,162			1,415
Debt Service:				
Principal				
Interest and other charges				
Capital outlay	99,411	716,200		
TOTAL EXPENDITURES	19,581,555	6,455,133	72,946	1,415
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(771,578)	(444,334)	114,707	197,656
OTHER FINANCING SOURCES (USES)				
Transfers in	2,201,517	500,000		
Transfers out	(998,071)		(361)	(201,700)
TOTAL OTHER FINANCING SOURCES AND USES	1,203,446	500,000	(361)	(201,700)
NET CHANGE IN FUND BALANCES	431,868	55,666	114,346	(4,044)
Fund balances, beginning of year	10,359,265	5,871,283	(153,099)	7,375,800
FUND BALANCES, END OF YEAR	\$ 10,791,133	\$ 5,926,949	\$ (38,753)	\$ 7,371,756

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

Major Funds

State and Federal Grants - City Special Revenue	Affordable Housing Capital Projects	Other Governmental Funds	Total Governmental Funds
			\$ 15,721,158
		\$ 1,685,501	4,194,648
			2,761,991
		637,548	637,548
			65,455
		100,000	618,559
\$ 519,272		1,034,934	1,833,618
	\$ 557,697	2,748,658	4,676,942
	5,312	264,849	1,586,858
	91,898	10,000	766,392
<u>519,272</u>	<u>654,907</u>	<u>6,481,490</u>	<u>32,863,169</u>
			5,647,853
			12,929,837
		1,687,743	4,570,620
	177,000	9,324	1,856,452
		8,075	1,847,241
			325,577
		538,000	538,000
		222,136	222,136
		2,642,366	3,457,977
	<u>177,000</u>	<u>5,107,644</u>	<u>31,395,693</u>
519,272	477,907	1,373,846	1,467,476
		3,475,413	6,176,930
(137,211)		(3,443,200)	(4,780,543)
(137,211)		32,213	1,396,387
382,061	477,907	1,406,059	2,863,863
(793,892)	(213,953)	12,172,664	34,618,068
<u>\$ (411,831)</u>	<u>\$ 263,954</u>	<u>\$ 13,578,723</u>	<u>\$ 37,481,931</u>

CITY OF AMERICAN CANYON

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2020**

Net change in fund balances - total governmental funds:	\$ 2,863,863
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period.	
Capital outlay	3,457,977
Depreciation expense	(3,883,600)
Disposals and transfers	(101,042)
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.	
	(398,054)
Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceed proceeds, net of amortization of deferred amount on refunding.	
	529,665
Internal service funds are used by management to charge the costs of activities to individual funds. The net revenue of certain internal service funds is reported with governmental activities.	
	(218,493)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Change in prepaid rent	(6,000)
Change in deferred outflows of resources-pension	(160,524)
Change in deferred outflows of resources-OPEB	744,582
Change in accrued interest payable	(33,371)
Change in compensated absences	(107,850)
Change in uninsured claims	(340,302)
Change in net pension liability	(957,645)
Change in net OPEB liability	221,519
Change in deferred inflows of resources-pension	(172,722)
Change in deferred inflows of resources-OPEB	(839,958)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 598,045

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Property taxes	\$ 10,712,800	\$ 11,018,000	\$ 11,080,513	\$ 62,513
Sales taxes	2,511,700	2,511,700	2,463,610	(48,090)
Other taxes	2,544,400	2,544,400	2,103,069	(441,331)
Fines and forfeitures	90,500	90,500	65,455	(25,045)
Licenses and permits	520,100	545,100	518,559	(26,541)
Intergovernmental	72,700	97,700	94,001	(3,699)
Charges for services	2,006,200	2,006,200	960,136	(1,046,064)
Use of money and property	410,000	410,000	1,044,514	634,514
Other	419,100	419,100	480,120	61,020
TOTAL REVENUES	<u>19,287,500</u>	<u>19,642,700</u>	<u>18,809,977</u>	<u>(832,723)</u>
EXPENDITURES				
Current:				
General government	5,568,700	5,938,800	5,647,853	290,947
Public safety	7,282,400	7,282,400	7,190,904	91,496
Public works	3,339,500	3,339,500	2,882,877	456,623
Community development	2,108,100	2,283,100	1,597,182	685,918
Parks and recreation	2,485,400	2,485,400	1,839,166	646,234
Storm drain	348,400	348,400	324,162	24,238
Capital outlay	155,000	155,000	99,411	55,589
TOTAL EXPENDITURES	<u>21,287,500</u>	<u>21,832,600</u>	<u>19,581,555</u>	<u>2,251,045</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(2,000,000)</u>	<u>(2,189,900)</u>	<u>(771,578)</u>	<u>1,418,322</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,561,300	2,611,300	2,201,517	(409,783)
Transfers out	(1,167,078)	(1,338,718)	(998,071)	340,647
Proceeds from sale of assets	10,000	10,000		(10,000)
TOTAL OTHER FINANCING SOURCES AND USES	<u>1,404,222</u>	<u>1,282,582</u>	<u>1,203,446</u>	<u>(79,136)</u>
NET CHANGE IN FUND BALANCE	(595,778)	(907,318)	431,868	1,339,186
Fund balance, beginning of year	<u>10,359,265</u>	<u>10,359,265</u>	<u>10,359,265</u>	
FUND BALANCE, END OF YEAR	<u>\$ 9,763,487</u>	<u>\$ 9,451,947</u>	<u>\$ 10,791,133</u>	<u>\$ 1,339,186</u>

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

CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Fire District Operations Special Revenue Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 4,604,994	\$ 4,604,994	\$ 4,640,645	\$ 35,651
Other taxes	649,430	649,430	658,922	9,492
Charges for services	151,215	276,915	410,451	133,536
Use of money and property	104,605	104,605	118,947	14,342
Other	72,010	72,010	181,834	109,824
TOTAL REVENUES	<u>5,582,254</u>	<u>5,707,954</u>	<u>6,010,799</u>	<u>302,845</u>
EXPENDITURES				
Current:				
Public safety	5,675,328	5,808,528	5,738,933	69,595
Capital outlay	776,660	776,660	716,200	60,460
TOTAL EXPENDITURES	<u>6,451,988</u>	<u>6,585,188</u>	<u>6,455,133</u>	<u>130,055</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(869,734)</u>	<u>(877,234)</u>	<u>(444,334)</u>	<u>432,900</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	500,000	500,000	
TOTAL OTHER FINANCING SOURCES AND USES	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	
NET CHANGE IN FUND BALANCE	(369,734)	(377,234)	55,666	432,900
Fund balance, beginning of year	<u>5,871,283</u>	<u>5,871,283</u>	<u>5,871,283</u>	
FUND BALANCE, END OF YEAR	<u>\$ 5,501,549</u>	<u>\$ 5,494,049</u>	<u>\$ 5,926,949</u>	<u>\$ 432,900</u>

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

CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
CDBG, CalHome and HOME Loan Development Special Revenue Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 392,800	\$ 392,800	\$ 185,411	\$ (207,389)
Use of money and property	1,850	1,850	(298)	(2,148)
Other	46,209	46,209	2,540	(43,669)
TOTAL REVENUES	<u>440,859</u>	<u>440,859</u>	<u>187,653</u>	<u>(253,206)</u>
EXPENDITURES				
Current:				
Community development	273,748	273,748	72,946	200,802
TOTAL EXPENDITURES	<u>273,748</u>	<u>273,748</u>	<u>72,946</u>	<u>200,802</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>167,111</u>	<u>167,111</u>	<u>114,707</u>	<u>(52,404)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out			(361)	(361)
TOTAL OTHER FINANCING SOURCES AND USES			<u>(361)</u>	<u>(361)</u>
NET CHANGE IN FUND BALANCE	167,111	167,111	114,346	(52,765)
Fund balance, beginning of year	<u>(153,099)</u>	<u>(153,099)</u>	<u>(153,099)</u>	
FUND BALANCE, END OF YEAR	<u>\$ 14,012</u>	<u>\$ 14,012</u>	<u>\$ (38,753)</u>	<u>\$ (52,765)</u>

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

CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Storm Drainage Special Revenue Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Sales taxes			\$ 45,537	\$ 45,537
Investment earnings			153,534	153,534
TOTAL REVENUES			<u>199,071</u>	<u>199,071</u>
EXPENDITURES				
Current:				
Storm drain	\$ 100,000	\$ 100,000	1,415	98,585
TOTAL EXPENDITURES	<u>100,000</u>	<u>100,000</u>	<u>1,415</u>	<u>98,585</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(100,000)</u>	<u>(100,000)</u>	<u>197,656</u>	<u>297,656</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(699,223)	(699,223)	(201,700)	497,523
TOTAL OTHER FINANCING SOURCES AND USES	<u>(699,223)</u>	<u>(699,223)</u>	<u>(201,700)</u>	<u>497,523</u>
NET CHANGE IN FUND BALANCE	(799,223)	(799,223)	(4,044)	795,179
Fund balance, beginning of year	<u>7,375,800</u>	<u>7,375,800</u>	<u>7,375,800</u>	
FUND BALANCE, END OF YEAR	<u>\$ 6,576,577</u>	<u>\$ 6,576,577</u>	<u>\$ 7,371,756</u>	<u>\$ 795,179</u>

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

CITY OF AMERICAN CANYON
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
State and Federal Grants - City Special Revenue Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 7,577,380	\$ 7,577,380	\$ 519,272	\$ (7,058,108)
TOTAL REVENUES	<u>7,577,380</u>	<u>7,577,380</u>	<u>519,272</u>	<u>(7,058,108)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>7,577,380</u>	<u>7,577,380</u>	<u>519,272</u>	<u>(7,058,108)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,577,380)	(7,577,380)	(137,211)	7,440,169
TOTAL OTHER FINANCING SOURCES AND USES	<u>(7,577,380)</u>	<u>(7,577,380)</u>	<u>(137,211)</u>	<u>7,440,169</u>
NET CHANGE IN FUND BALANCE			382,061	382,061
Fund balance, beginning of year	<u>(793,892)</u>	<u>(793,892)</u>	<u>(793,892)</u>	
FUND BALANCE, END OF YEAR	<u>\$ (793,892)</u>	<u>\$ (793,892)</u>	<u>\$ (411,831)</u>	<u>\$ 382,061</u>

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

CITY OF AMERICAN CANYON
Statement of Net Position
Proprietary Funds
June 30, 2020

	Business Type Activities-			Governmental
	Enterprise Funds			Activities-
	Water	Wastewater	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 9,839,099	\$ 6,712,878	\$ 16,551,977	\$ 455,634
Accounts receivable, net	1,420,224	596,542	2,016,766	140,847
Interest receivable	55,290	25,286	80,576	2,341
Prepaid expenses	2,042	2,229	4,271	491
Total current assets	<u>11,316,655</u>	<u>7,336,935</u>	<u>18,653,590</u>	<u>599,313</u>
Non-current assets:				
Restricted cash and investments	5,457,052	309,821	5,766,873	
Advances to other funds		6,415,941	6,415,941	
Capital assets:				
Non-depreciable	2,982,867	2,341,000	5,323,867	
Depreciable, net of accumulated depreciation	24,363,678	22,180,934	46,544,612	633,507
Total non-current assets	<u>32,803,597</u>	<u>31,247,696</u>	<u>64,051,293</u>	<u>633,507</u>
TOTAL ASSETS	<u>44,120,252</u>	<u>38,584,631</u>	<u>82,704,883</u>	<u>1,232,820</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension plan	290,589	353,309	643,898	66,343
OPEB plan	174,022	215,392	389,414	35,060
Total deferred outflows of resources	<u>464,611</u>	<u>568,701</u>	<u>1,033,312</u>	<u>101,403</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	578,357	277,520	855,877	46,348
Accrued expenses	210	280	490	50
Accrued interest payable		54,646	54,646	
Deposits	141,072	44,185	185,257	
Compensated absences, current portion	104,511	74,721	179,232	18,339
Bonds, notes and loans payable, current portion	68,666	985,705	1,054,371	32,709
Total current liabilities	<u>892,816</u>	<u>1,437,057</u>	<u>2,329,873</u>	<u>97,446</u>
Non-current liabilities:				
Advances from other funds	6,415,941		6,415,941	
Compensated absences, non-current portion	7,395	5,287	12,682	
Bonds, notes and loans payable	598,650	1,734,293	2,332,943	102,780
Net pension liability	1,042,468	1,267,471	2,309,939	238,002
Net OPEB liability	473,347	622,226	1,095,573	97,363
Total non-current liabilities	<u>8,537,801</u>	<u>3,629,277</u>	<u>12,167,078</u>	<u>438,145</u>
TOTAL LIABILITIES	<u>9,430,617</u>	<u>5,066,334</u>	<u>14,496,951</u>	<u>535,591</u>
DEFERRED INFLOW OF RESOURCES				
Pension plan	57,118	69,446	126,564	13,040
OPEB plan	48,024	58,048	106,072	9,307
Total deferred inflows of resources	<u>105,142</u>	<u>127,494</u>	<u>232,636</u>	<u>22,347</u>
NET POSITION				
Net investment in capital assets	26,679,229	21,801,936	48,481,165	498,018
Restricted for:				
Capacity expansion	5,457,052	309,821	5,766,873	
Unrestricted	2,912,823	11,847,747	14,760,570	278,267
TOTAL NET POSITION	<u>\$ 35,049,104</u>	<u>\$ 33,959,504</u>	<u>69,008,608</u>	<u>\$ 776,285</u>
The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the Business Activities of the Statement of Net Position.			<u>54,892</u>	
TOTAL NET POSITION PER GOVERNMENT-WIDE FINANCIAL STATEMENTS			<u>\$ 69,063,500</u>	

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

CITY OF AMERICAN CANYON
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Business Type Activities		Total	Governmental
	Enterprise Funds			Activities-
	Water	Wastewater		Internal Service
			Funds	
OPERATING REVENUES				
Charges for services	\$ 7,342,673	\$ 4,421,975	\$ 11,764,648	\$ 576,100
Other	69,102	67,821	136,923	
TOTAL OPERATING REVENUES	<u>7,411,775</u>	<u>4,489,796</u>	<u>11,901,571</u>	<u>576,100</u>
OPERATING EXPENSES				
Employee services	1,571,310	1,608,081	3,179,391	340,690
Maintenance and operations	3,322,243	1,068,372	4,390,615	955,000
Depreciation	1,464,278	1,619,856	3,084,134	213,039
TOTAL OPERATING EXPENSES	<u>6,357,831</u>	<u>4,296,309</u>	<u>10,654,140</u>	<u>1,508,729</u>
OPERATING INCOME (LOSS)	<u>1,053,944</u>	<u>193,487</u>	<u>1,247,431</u>	<u>(932,629)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	311,734	305,318	617,052	18,362
Other revenue	198,341		198,341	212,201
Operating grants and contributions	3,676	5,393	9,069	
Interest expense	(186,869)	(47,288)	(234,157)	(4,952)
Gain (loss) on disposal of capital assets				(9,785)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>326,882</u>	<u>263,423</u>	<u>590,305</u>	<u>215,826</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>1,380,826</u>	<u>456,910</u>	<u>1,837,736</u>	<u>(716,803)</u>
CONTRIBUTIONS AND TRANSFERS				
Capital contributions	332,487	136,046	468,533	
Transfers out	(672,993)	(723,394)	(1,396,387)	
CHANGE IN NET POSITION	<u>1,040,320</u>	<u>(130,438)</u>	<u>909,882</u>	<u>(716,803)</u>
Net position, beginning of year	<u>34,008,784</u>	<u>34,089,942</u>	<u>68,098,726</u>	<u>1,493,088</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ 35,049,104</u>	<u>\$ 33,959,504</u>	<u>69,008,608</u>	<u>\$ 776,285</u>
Change in net position			909,882	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>(189,877)</u>	
CHANGE IN NET POSITION OF BUSINESS TYPE ACTIVITIES			<u>\$ 720,005</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, 2020

	Enterprise Funds		Total	Governmental
	Water	Wastewater		Internal Service
				Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 7,459,056	\$ 4,696,498	\$ 12,155,554	
Cash paid to suppliers	(2,766,611)	(868,727)	(3,635,338)	\$ (931,609)
Cash paid to employees and related benefits	(1,444,267)	(1,587,181)	(3,031,448)	(310,729)
Cash (paid) received from interfund services provided	(97,500)	(115,100)	(212,600)	576,100
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	3,150,678	2,125,490	5,276,168	(666,238)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Intergovernmental revenue received	3,676	5,393	9,069	
Amounts received (paid) to other funds	(525,781)	(870,606)	(1,396,387)	
Other revenues received	198,341		198,341	(134,503)
CASH USED BY NONCAPITAL AND RELATED FINANCING ACTIVITIES	(323,764)	(865,213)	(1,188,977)	(134,503)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital assets purchased	(539,441)	(21,947)	(561,388)	(76,189)
Capital revenues received	332,487	136,046	468,533	
Proceeds from disposal of capital assets				55,647
Principal paid on long-term liabilities	(240,504)	(960,173)	(1,200,677)	(31,806)
Interest paid on long-term liabilities	(198,383)	(64,554)	(262,937)	(4,952)
Other revenues received				212,201
CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(645,841)	(910,628)	(1,556,469)	154,901
CASH FLOWS FROM INVESTING ACTIVITIES:				
Collection of interest and investment revenue	339,597	321,300	660,897	22,971
CHANGE IN CASH AND CASH EQUIVALENTS	2,520,670	670,949	3,191,619	(622,869)
Cash and cash equivalents, beginning of year	12,775,481	6,351,750	19,127,231	1,078,503
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 15,296,151	\$ 7,022,699	\$ 22,318,850	\$ 455,634
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:				
Cash and investments	\$ 9,839,099	\$ 6,712,878	\$ 16,551,977	\$ 455,634
Restricted cash and investments	5,457,052	309,821	5,766,873	
CASH AND CASH EQUIVALENTS	\$ 15,296,151	\$ 7,022,699	\$ 22,318,850	\$ 455,634
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 1,053,944	\$ 193,487	\$ 1,247,431	\$ (932,629)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation and amortization	1,464,278	1,619,856	3,084,134	213,039
Changes in operating assets and liabilities:				
Accounts receivable, net	47,281	206,702	253,983	
Prepaid expenses	(302)	21	(281)	(149)
Accounts payable and accrued expenses	449,925	84,524	534,449	23,540
Deposits	8,509		8,509	
Compensated absences	27,440	2,468	29,908	1,142
Changes in pension and OPEB liabilities and related deferred outflows and inflows of resources:				
Deferred outflows of resources - pension plan	18,829	21,832	40,661	5,122
Net pension liability	55,175	29,556	84,731	33,158
Deferred inflows of resources - pension plan	15,792	(44,556)	(28,764)	(11,299)
Deferred outflows of resources - OPEB plans	(108,694)	(128,577)	(237,271)	(20,368)
Net OPEB liability	79,113	93,586	172,699	14,825
Deferred inflows of resources - OPEB plans	39,388	46,591	85,979	7,381
CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 3,150,678	\$ 2,125,490	\$ 5,276,168	\$ (666,238)

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

CITY OF AMERICAN CANYON
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Total Agency Funds
ASSETS	
Cash and investments	\$ 3,047,600
Restricted cash and investments	5,968,667
Taxes receivable	113,072
Accounts receivable	8,255
Interest receivable	10,194
TOTAL ASSETS	\$ 9,147,788
 LIABILITIES	
Accounts payable	\$ 8,454
Agency obligations	9,139,334
TOTAL LIABILITIES	\$ 9,147,788

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The City is a member of joint powers authorities (JPA) in which the City has only a residual equity interest in the related entity. The City is not liable for the liabilities of the entities if they dissolve under the related JPA agreement. However, Senate Bill 1912, effective January 1, 2019, requires members of a JPA that participates in a public retirement system to agree on the apportionment of the JPA's retirement liability to the members of the JPA if the JPA dissolves or otherwise terminates its contract with the public retirement system. The City is a member of the following JPAs: Napa Valley Transportation Authority (transit services), Napa Valley Transportation and Planning Agency (transportation planning), North Bay Water Reuse Authority (water conservation and recycling) and Napa County Stormwater Management Program (pollution prevention program), Napa County Stormwater Management Program (stormwater management) and Cooperative Joint Powers Dispatching Services Agreement (fire dispatching). The City is also a member of the insurance JPA's discussed in Note L. The financial statements of the JPAs are available on the websites of the related entities, if applicable.

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 (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

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.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 governmental and proprietary funds combined. The General Fund is always a major fund. The City may also report 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 Special Revenue Fund – Accounts for revenues and the associated expenditures for fire services provided by the component unit fire protection district. The main sources of revenue are property taxes, assessments, and charges for services.

CDBG, CalHome and HOME Loan Development Special Revenue Fund – Accounts for housing rehabilitation made with Federal Community Development Grant monies.

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

The City also reports the following fund types:

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

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

Basis of Accounting

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

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days. 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*.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Property Tax Revenues

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

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

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

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

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

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

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 asset is reported as nonspendable fund balance because such assets are not available to finance the City’s current operations.

Compensated Absences

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

Pension Plan

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

Other Postemployment Benefits (OPEB) Plans

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the OPEB plans (Plans), and OPEB expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans’ fiduciary net position

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The net OPEB liability is generally liquidated by the City's General, Fire District Operations, Internal Service, Water and Wastewater Funds.

New Pronouncements

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement enhances disclosures about capital assets and the cost of borrowing for a reporting period and simplifies the accounting for interest cost incurred before the end of a construction period. Interest cost incurred before the end of a construction period will be recognized as an expense rather than being recorded as part of the cost of capital assets in a business-type activity or enterprise fund and interest cost incurred by a fund using the current financial resources measurement focus before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The Statement indicates an issuer of a conduit debt obligation should not report a liability for the conduit debt obligation, but requires an issuer to report a liability associated with an additional commitment or a voluntary commitment to support the debt. Additional commitments by an issuer to support the debt include extending a moral obligation pledge, appropriation pledge or financial guarantee or pledging the issuer's own property, revenue or assets as security for the debt. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2021.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This Statement provides temporary relief to governments due to the COVID-19 pandemic by postponing the effective dates of Statements and Implementation Guides that first become effective or are scheduled to become effective for periods beginning after June 15, 2018 and later. Effective dates of the following Statements and Implementation Guides were postponed by one year: Statements No. 83, 84 and 88 to 93 as well as Implementation Guide No's 2018-1, 2019-1 and 2019-2. Effective dates for Statement No. 87 and Implementation Guide No. 2019-3 were postponed by 18 months. The requirements of this Statement are effective immediately and have been reflected in the effective dates of the Statements above.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement 1) defines the term SBITA; 2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs to a SBITA; and 4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITA are based on the standards established in Statement No. 87, *Leases*, as amended. This statement is effective for fiscal years beginning after June 15, 2022.

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

NOTE B – BUDGETS AND BUDGETARY ACCOUNTING

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

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

The Affordable Housing Capital Projects Fund, State Supplemental Law Enforcement Special Revenue Fund and City Capital Projects Fund had expenditures and transfers out in excess of the final appropriation for the fiscal year ended June 30, 2020 by \$44,300, \$16,667 and \$36,455, respectively. The Affordable Housing Capital Projects Fund will be funded by future charges for services while the State Supplemental Law Enforcement Special Revenue Fund and the City Capital Projects Fund will be funded by transfers in from other funds.

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE C – CASH AND INVESTMENTS (Continued)

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

Classification

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

Cash and investments	\$ 53,738,219
Restricted cash and investments	<u>6,057,740</u>
Total cash and investments of primary government	59,795,959
Cash and investments in Fiduciary Funds	3,047,600
Restricted cash and investments in Fiduciary Funds	<u>5,968,667</u>
Total cash and investments	<u>\$ 68,812,226</u>

Cash and investments as of June 30, 2020 consist of the following:

Cash on hand	\$ 2,400
Deposits with financial institutions	1,676,596
Investments:	
Held by City	61,186,214
Held by fiscal agents	<u>5,947,016</u>
Total investments	<u>67,133,230</u>
Total cash and investments	<u>\$ 68,812,226</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.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE C – CASH AND INVESTMENTS Continued)

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

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment of One Issuer
Local Agency Bonds	5 years	None	None	None
U.S. Treasury Obligations	5 years	None	None	None
State of California Obligations	5 years	None	None	None
California Local Agency Obligations	5 years	None	None	None
U.S. Agency Obligations	5 years	None	None	None
Bankers' Acceptances	180 days	None	40%	30%
Commercial Paper	270 days	A-1/P-1/F-1	25%	10%
Negotiable Certificate of Deposit	5 years	None	30%	None
Repurchase Agreements	1 year	None	None	None
Reverse Repurchase Agreements	92 days	None	20%	None
Securities Lending Arrangements	92 days	None	20%	None
Medium-Term Notes	5 years	A	30%	None
Mutual Funds	N/A	None	20%	10%
Money Market Funds	N/A	None	20%	None
Collateralized Bank Deposits	5 years	None	None	None
Mortgage-Pass Through Securities	5 years	AA	20%	None
Time Deposits	5 years	None	None	None
County Pooled Investment Funds	N/A	None	None	None
Joint Powers Authority Pool	N/A	None	None	None
California 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, 2020

NOTE C – CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Minimum Credit Quality</u>
Bankers' Acceptances	360 days	A-1
U.S. Treasury Bills and Notes	None	N/A
State General Obligations	None	A
Municipal Obligations	None	Aaa/AAA
U.S. Government Agency Securities	None	AAA
U.S. Government Sponsored Securities	None	AAA
Federal Housing Administration Debentures	None	N/A
Medium Term Notes	5 year	A
Commercial Paper	270 days	A-1+
California 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, 2020

NOTE C – CASH AND INVESTMENTS (Continued)

Authorized Investment Type	12 Months or less	13 to 36 Months	36 to 60 Months	Total
California Local Agency Investment Fund (LAIF)	\$44,289,068			\$44,289,068
U.S. Treasury Notes		\$ 3,852,310	\$ 1,951,702	5,804,012
U.S. Government Agency Obligations	1,059,675	1,584,802	3,535,182	6,179,659
U.S. Corporate Obligations	985,067	1,254,168	1,498,821	3,738,056
Money Market Mutual Funds	6,104,044			6,104,044
Asset-Backed Securities		478,034	358,901	836,935
Supranational Note			181,456	181,456
Total investments	52,437,854	7,169,314	7,526,062	67,133,230
Cash on hand	2,400			2,400
Cash in bank	1,676,596			1,676,596
Total cash and investments	\$54,116,850	\$ 7,169,314	\$ 7,526,062	\$68,812,226

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 \$101,788,256,254, which is 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, 2020, these investments matured in an average of 191 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The following are credit ratings issued by Moody's and Standard and Poor's as of June 30, 2020:

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE C – CASH AND INVESTMENTS (Continued)

Investment Type	Aa2/AA					A3/A-	Total
	Aaa/AAA	Aa1/AA+	Aa3/AA-	A1/A+	A2/A		
U.S. Government Agencies	\$ 382,450	\$ 5,797,209					\$ 6,179,659
U.S. Corporate Obligations		434,906	\$ 541,998	\$ 498,309	\$ 1,016,401	\$ 1,246,442	3,738,056
Money Market Mutual Funds (U.S. Securities)	6,104,044						6,104,044
Negotiable CD							
Asset-Backed Securities	836,935						836,935
Supranational Note	181,456						181,456
Totals	\$ 7,504,885	\$ 6,232,115	\$ 541,998	\$ 498,309	\$ 1,016,401	\$ 1,246,442	17,040,150
Not rated:							
LAIF							44,289,068
Exempt from credit rate disclosure:							
U.S. Treasury Notes							5,804,012
Total investments							\$ 67,133,230

Concentration of Credit Risk

The investment policy of the City has no limitations on the amount that can be invested in any one issuer beyond what is stipulated by the California Government Code. Investments exceeding 5% of total investments are required to be disclosed under GASB Statement No. 40, which excludes U.S. Treasury securities, mutual funds and external investment pools. At June 30, 2020 there were no investments exceeding 5% of total 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, 2020, the City had \$1,698,026 in deposits at banks above the federally insured limit, which are collateralized by securities pledged by the financial institution, but not in the name of the City.

Fair Value Measurement

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

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

June 30, 2020

NOTE C – CASH AND INVESTMENTS (Continued)

The City has the following recurring fair value measurements as of June 30, 2020:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level:				
U.S. Treasury Notes	\$ 5,804,012		\$ 5,804,012	
U.S. Government Agency Obligations	6,179,659		6,179,659	
U.S. Corporate Obligations	3,738,056		3,738,056	
Asset-Backed Securities	836,935		836,935	
Supranational Note	181,456		181,456	
Total investments by fair value level	<u>16,740,118</u>	<u>\$ -</u>	<u>\$ 16,740,118</u>	<u>\$ -</u>
Investments uncategorized:				
LAIF	44,289,068			
Money Market Mutual Funds	<u>6,104,044</u>			
Total investments	<u>\$ 67,133,230</u>			

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

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.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE D – INTERFUND TRANSACTIONS (Continued)

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, 2020 were as follows:

<u>Fund Making Transfer</u>	<u>Fund Receiving Transfers</u>	<u>Amount Transferred</u>
General Fund	City Capital Projects Fund	\$ 524,912 (B)
	Cabernet Village Lease Debt Service Fund	473,159 (C)
Major Governmental Funds:		
CDBG Loan Development	General Fund	361 (A)
Storm Drainage Special Revenue	General Fund	183,654 (D)
	City Capital Projects Fund	18,046 (B)
State and Federal Grants-City Special Revenue	City Capital Projects Fund	137,211 (B)
Major Enterprise Funds:		
Water	General Fund	672,993 (A)
Wastewater	General Fund	723,394 (A)
Non-major Special Revenue Funds:		
Measure T	City Capital Projects Fund	1,342,723 (B)
Gas Tax	General Fund	301,923 (A)
BEGIN Program	General Fund	25 (A)
State Supplemental Law Enforcement	General Fund	156,667 (A)
Community Facilities District	City Capital Projects Fund	22,524 (B)
Non-major Capital Projects Funds:		
Fire Mitigation Capital Projects	Fire District Operations	500,000 (B)
Traffic Impact Capital Projects	General Fund	162,500 (A)
	City Capital Projects Fund	633,406 (B)
City Capital Projects	Gas Tax	33,531 (A)
	Transportation Fund for Clean Air	2,924 (A)
Civic Facilities Capital Projects	Lease Revenue Bonds Debt Service Fund	286,977 (C)
		<u>\$ 6,176,930</u>

(A) Transfer resources to fund incurring expenditures

(B) Transfer to fund capital improvements

(C) Transfer to fund debt service payments

(D) Transfer to fund flood protection projects

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

June 30, 2020

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, 2020, the following funds have interfund balances.

<u>Fund Making Loan</u>	<u>Fund Receiving Loan</u>	<u>Amount</u>
General Fund	Major Governmental Funds:	
	CDGB Loan Development Special Revenue	\$ 62,017
	State and Federal Grants - City Special Revenue	651,360
	Non-Major Special Revenue Funds:	
	Cannabis Fund	9,505
	Non-Major Debt Service Funds:	
	Broadway Property Lease	<u>888</u>
	Total Due To/Due From Other Funds	<u>\$ 723,770</u>

Advances Between Funds

In December 2009, the Wastewater Enterprise Fund advanced the Water Enterprise Fund \$4,907,024 for the Green Island Road Recycled Waterline project, Recycled Water Pump Station upgrade and other various construction projects. As of June 30, 2020, \$6,415,941 was outstanding on this advance, including accrued interest of \$1,508,916. This loan accrues interest at 3% per year to be repaid when funds are available. The City is in the process of determining how this loan will be repaid.

NOTE E – LOANS RECEIVABLE

At June 30, 2020, the City had the following loans receivable:

BEGIN Program	\$ 8,619,557
Satellite Affordable Housing Association	2,897,326
Mid-Peninsula Housing Coalition Loan	2,180,386
HOME Program	1,461,052
CDBG Housing Rehabilitation Program	459,137
CalHome Program	247,298
Employee Home Purchase Assistance	10,886
Other	<u>50,477</u>
	15,926,119
Valuation allowance	<u>(8,528,631)</u>
Loans, net	<u>\$ 7,397,488</u>

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

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, 2020, residents owed the City \$8,528,632 in loans offered by this program, which includes \$2,621,732 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 forgivable loans have been offset by a valuation allowance and is not reported on the balance sheet.

The BEGIN Fund also includes a loan of \$90,925, including accrued interest, which is not required to be forgiven. However, if the amount of net sale proceeds is less than the amount due under the loan, the City may forgive the loan to the extent that the amount due under the loan exceeds the net sale proceeds.

Satellite Affordable Housing Association Loan

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

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

Construction: The City loaned \$930,000 for the construction of the units. The loan is interest free over a 57-year term.

As of June 30, 2020, the loan balance was \$2,897,326.

Mid-Peninsula Housing Coalition Loan

The City loaned the Mid-Peninsula Housing Coalition (MPHC) \$2,265,000 interest free for the construction of the Vineyard Crossing Apartments. As part of the agreement, the City will receive a residual share of the cash flow from the project. As of June 30, 2020, the loan balance was \$2,180,837.

HOME Program

The City provides loans to qualified first time buyers through the federally funded HOME Program. Under this program, principal and interest payments are deferred until the loan is refinanced or title to the property changes. These loans carry a 1% interest rate with a maturity of 30 years. As of June 30, 2020, residents owed the City \$1,461,052 in loans offered by this program, including accrued interest.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE E – LOANS RECEIVABLE (Continued)

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, 2020, residents owed the City \$459,137 in loans offered by this program, including accrued interest.

CalHome Program

The City operates the CalHome Program to assist with the down payment or rehabilitation of manufactured homes. The loans have no interest and principal payments are deferred until maturity. As of June 30, 2020, residents owed the City \$247,298 in loans offered by this program.

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, 2020, there was one loan outstanding to an employee. To qualify for the program, employees were required to be full-time and purchase a home within the City limits. The maximum loan amount was 10% of the purchase price, or \$50,000, whichever was less. Interest on the loans was determined using the current Local Agency Investment Fund rate. The maximum loan term was 20 years. As of June 30, 2020, the remaining employee owed the City \$10,886 under this program.

NOTE F – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated acquisition value on the date contributed, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. 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 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.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE F – CAPITAL ASSETS (Continued)

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	50-75 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, 2020.

Capital Asset Additions and Retirements

Capital assets at June 30 comprise:

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
<u>Governmental Activities</u>					
Capital assets, not being depreciated:					
Land	\$ 9,623,513				\$ 9,623,513
Street right of ways	162,284,085				162,284,085
Construction in progress	3,157,658	\$ 2,651,349	\$ (35,610)	\$ (1,662,882)	4,110,515
Total capital assets, not being depreciated	175,065,256	2,651,349	(35,610)	(1,662,882)	176,018,113
Capital assets, being depreciated:					
Buildings and improvements	50,959,691				50,959,691
Machinery and equipment	8,224,237	882,818	(95,378)		9,011,677
Infrastructure - streets and storm drains	87,000,759			1,662,882	88,663,641
Total capital assets, being depreciated	146,184,687	882,818	(95,378)	1,662,882	148,635,009
Less accumulated depreciation for:					
Buildings and improvements	(19,265,683)	(1,681,386)			(20,947,069)
Machinery and equipment	(6,233,802)	(428,958)	29,946		(6,632,814)
Infrastructure - streets and storm drains	(28,730,804)	(1,773,256)			(30,504,060)
Total accumulated depreciation	(54,230,289)	(3,883,600)	29,946		(58,083,943)
Capital assets being depreciated, net	91,954,398	(3,000,782)	(65,432)	1,662,882	90,551,066
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	\$ 267,019,654	\$ (349,433)	\$ (101,042)	\$ -	\$ 266,569,179

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE F – CAPITAL ASSETS (Continued)

	Balance at June 30, 2019	Additions	Retirements	Transfers	Balance at June 30, 2020
<u>Business-Type Activities</u>					
Capital assets, not being depreciated:					
Land and improvements	\$ 2,185,901				\$ 2,185,901
Construction in progress	3,045,966	\$ 92,000			3,137,966
Total capital assets, not being depreciated	<u>5,231,867</u>	<u>92,000</u>			<u>5,323,867</u>
Capital assets, being depreciated:					
Buildings and improvements	7,885,151				7,885,151
Water treatment and distribution	45,124,371	447,440			45,571,811
Equipment	3,398,843	21,948			3,420,791
Wastewater treatment and collection	35,546,238				35,546,238
Total capital assets, being depreciated	<u>91,954,603</u>	<u>469,388</u>			<u>92,423,991</u>
Less accumulated depreciation for:					
Buildings and improvements	(4,301,131)	(230,623)			(4,531,754)
Water treatment and distribution	(20,256,744)	(1,434,664)			(21,691,408)
Equipment	(1,776,277)	(316,102)			(2,092,379)
Wastewater treatment and collection	(16,461,093)	(1,102,745)			(17,563,838)
Total accumulated depreciation	<u>(42,795,245)</u>	<u>(3,084,134)</u>			<u>(45,879,379)</u>
Capital assets being depreciated, net	<u>49,159,358</u>	<u>(2,614,746)</u>			<u>46,544,612</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$54,391,225</u>	<u>\$ (2,522,746)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,868,479</u>

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	\$ 727,793
Public safety - Police	78,632
Public safety - Fire	355,189
Public works	2,410,728
Parks and recreation	311,258
Total Governmental Activities	<u>\$ 3,883,600</u>
Business-type Activities:	
Water	\$ 1,464,278
Wastewater	1,619,856
Total Business-type Activities	<u>\$ 3,084,134</u>

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

June 30, 2020

NOTE F – CAPITAL ASSETS (Continued)

Project Commitments

At June 30, 2020, the City had outstanding commitments with contractors for the following projects:

Project	Remaining Commitment
Transportation projects	\$ 1,084,096
Community Development project	494,633
Parks projects	15,687
Storm Drain projects	8,216
Planning projects	4,940
Wastewater projects	86,400
Water projects	17,355
	\$ 1,711,327

NOTE G – LONG-TERM LIABILITIES

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

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

Activity in the City's long-term liabilities was as follows for the year ending June 30, 2020:

	Original Amount	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
<u>Governmental Activities</u>						
2012 Refunding Facilities Lease Financing						
2.95%, due on 06/01/21	\$ 2,222,000	\$ 551,000		\$ (273,000)	\$ 278,000	\$ 278,000
City Hall Facility Financing						
4.54%, due 05/01/32	6,695,000	4,585,000		(265,000)	4,320,000	280,000
Municipal Asset Management, Inc.						
Financed Purchase Lease - 2.96% due 6/17/24	314,188	167,295		(31,806)	135,489	32,709
Total amortized debt		5,303,295		(569,806)	4,733,489	590,709
Cost reimbursement payable	1,046,982	1,046,892			1,046,892	
Total direct borrowings and direct placements		6,350,187		(569,806)	5,780,381	590,709
Compensated absences		683,244	\$ 792,034	(684,184)	791,094	667,448
Claims and judgments		724,016	501,074	(160,772)	1,064,318	1,064,318
Net pension liability		12,330,004	974,269	(16,624)	13,287,649	
Other postemployment benefits		6,000,394		(221,519)	5,778,875	
Total Governmental Long-Term Liabilities		26,087,845	2,267,377	(1,652,905)	26,702,317	\$ 2,322,475
Less: Amount due within one year		(1,970,711)			(2,322,475)	
Total Governmental Long-Term Liabilities, Net		\$ 24,117,134	\$ 2,267,377	\$ (1,652,905)	\$ 24,379,842	

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE G – LONG-TERM LIABILITIES (Continued)

	Original Amount	Balance June 30, 2019	Additions	Retirements	Balance June 30, 2020	Current Portion
<u>Business-type Activities</u>						
State of California Davis-Grunsky Loan						
2.5%, due 12/31/27	\$ 2,050,000	\$ 638,446		\$ (66,992)	\$ 571,454	\$ 68,666
State Water Resources Control Board,						
State Revolving Fund Loan						
2.7%, due 07/15/22	10,859,470	2,777,543		(666,888)	2,110,655	684,893
Municipal Asset Management, Inc.						
Financed Purchase Lease - 2.41%						
due 12/5/19	827,100	173,512		(173,512)		
Municipal Finance - Inc.						
Financed Purchase Lease - 3.55%						
due 07/06/22	2,004,200	902,628		(293,285)	609,343	300,812
Total direct borrowings and direct placements		4,492,129		(1,200,677)	3,291,452	1,054,371
Compensated absences		162,006	\$ 206,755	(176,847)	191,914	179,232
Net pension liability		2,225,208	84,731		2,309,939	
Other postemployment benefits		922,874	172,699		1,095,573	
Total Business-type Long-Term Liabilities		7,802,217	464,185	(1,377,524)	6,888,878	\$ 1,233,603
Less: Amount due within one year		(1,362,682)			(1,233,603)	
Add: Unamortized interest on Davis-Grunsky Loan		107,376		(11,514)	95,862	
Total Business-type Activity Liabilities		\$ 6,546,911	\$ 464,185	\$ (1,389,038)	\$ 5,751,137	

All agreements below represent direct borrowings or direct placements.

2012 Refunding Facilities Lease Financing

The City's Financing Authority authorized \$2,222,000 of 2012 Refunding Facilities Lease Financing with a bank to provide funds for refunding of the City's 2002 Lease Revenue Bonds. The Authority and the City entered into a site lease and lease-back arrangement wherein the City, in substance, acquired ownership of the facilities and is responsible for making payments in amount sufficient to pay the lease payments. The lease receivable and payable between the City and the City's Financing Authority have been eliminated from the accompanying financial statements. The financing bears interest at 2.95%, and interest is payable each June 1 and December 1, ranging from \$2,050 to \$4,101. Principal is due each June 1 and December 1, through June 1, 2021 in the amount of \$139,000. In the event of default, the lender has the ability to direct and control remedies under the lease, which includes termination of the lease or to directly collect base rental payments from the City as they become due.

City Hall Facility Financing

In fiscal year 2007, the City and its Financing Authority entered into a lease purchase arrangement for \$6,695,000 to provide financing for the acquisition, construction, and improvement of facilities to be used as a City Hall. The terms of the lease require annual principal payments of \$280,000 to \$455,000 and semi-annual interest payments of \$10,329 to \$98,064 through May 1, 2032, which includes interest at 4.54%. The cost of the asset was \$6,804,780 and accumulated depreciation was \$2,948,738 at June 30, 2020. In the event of default, the lender has the ability to direct and control remedies under the lease, which includes termination of the lease and re-lease of the property. The default interest rate is 12%.

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

June 30, 2020

NOTE G – LONG-TERM LIABILITIES (Continued)

Financed Purchased Lease – Municipal Asset Management, Inc. Vac Con Truck

In July 2014, the City entered into a lease purchase arrangement for \$314,188 to purchase sewer and storm drain equipment. The terms of the lease require annual payments of \$36,757 through June 17, 2024, which includes interest at 2.96%. The cost of the asset was \$439,188 and accumulated depreciation was \$245,213 at June 30, 2020. In the event of default, the lease may be terminated and the equipment may be repossessed. Also, a late charge of 1% per month will be assessed.

Cost Reimbursement Payable

The City entered into a cost sharing agreement with a property owner for the construction of a traffic light and improvements at an intersection. The property owner constructed the street light at a cost of \$1,617,255 and the City has agreed to reimburse the property owner for 75.85% of the cost, or \$1,226,688. The City reimbursed the property owner \$179,796 in 2013. The remaining amount is expected to be paid over a period of 15 years, as specific developer project fees are collected. As a result, the current portion or scheduled maturities could not be determined.

State of California Davis – Grunsky Loan

The City obtained a loan in an original amount of \$2,050,000 from the State of California Department of Water Resources under the Davis-Grunsky Act for the purpose of financing water system improvements. Interest payments are due each July 1 and January 1 with the final payment due December 31, 2027, ranging from \$659 to \$7,182. Principal payments are due each January 1 with a final payment due December 31, 2027, ranging from \$53,204 to \$79,631. The loan bears interest at 2.5% and the loan is secured by a pledge to levy taxes or assessments in amounts sufficient to pay debt service. The City makes repayments from its water enterprise fund from available resources. In the event of default, the State may take action in a court to enforce taxes or assessments to pay the State amounts due under the agreement and may charge a default interest rate of 0.209% per month after the scheduled payment is more than 30 days past due.

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. In the event of default, the State may take action in a court to enforce taxes or assessments to pay the State amounts due under the agreement.

Financed Purchase Lease – Municipal Asset Management, Inc. - Water Membranes

In December 2014, the City entered into a lease purchase arrangement for \$827,100 for the acquisition and installation of equipment at a water treatment plant. The terms of the lease require annual payments of \$177,570 through April 21, 2020, which includes interest at 2.41%. The cost of the asset was \$827,100 and accumulated depreciation was \$413,550 at June 30, 2020. In the event of default, the lease may be terminated and the equipment may be repossessed. A late charge of 1% per month will also be assessed. The lease was paid-off during the year ended June 30, 2020.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE G – LONG-TERM LIABILITIES (Continued)

Financed Purchase Lease – Municipal Finance, Inc.- Wastewater Membranes

In July 2015, the City entered into a lease purchase agreement for \$2,004,200 for the acquisition and installation of equipment at a waste water plant. The terms of the lease require annual principal payments of \$157,222 through July 6, 2022, which includes interest at 3.55%. The cost of the asset is \$2,164,536 and accumulated depreciation was \$1,240,099 at June 30, 2020. In the event of default, all unpaid principal and interest may be declared immediately due and payable. The default interest rate is 8%.

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	
	Principal	Interest	Principal	Interest
2021	\$ 590,709	\$ 206,327	\$ 1,054,371	\$ 84,907
2022	323,677	186,496	1,082,299	56,978
2023	339,674	172,333	794,519	30,314
2024	354,429	157,460	73,946	9,007
2025	335,000	141,875	75,794	7,158
2026-2030	1,900,000	468,528	210,523	9,914
2031-2032	890,000	61,063		
Totals	\$ 4,733,489	\$ 1,394,082	\$ 3,291,452	\$ 198,278

The Water and Wastewater Funds have pledged a portion of their net revenue to repay \$2,050,000 for the State of California Davis-Grunsky loan and \$10,859,470 for the State of California Revolving Fund loan, to finance certain capital improvements. Total principal and interest remaining on the Water Fund loan through 2028 is \$635,199 and total principal and interest remaining on the Wastewater Fund loan through 2023 is \$2,225,642. For fiscal year 2020, the principal and interest paid by the Water and Wastewater funds for these loans was \$82,953 and \$741,882, respectively. The Water Fund and the Wastewater Funds had net revenue of \$3,162,443 and \$2,254,707, respectively, in fiscal year 2020.

Arbitrage

Under U.S. Treasury Department regulations, all governmental tax-exempt debt issued after August 31, 1986 is subject to arbitrage rebate requirements, which stipulate, in general, that the earnings from the investment of tax-exempt bond proceeds, which exceed related interest expenditures on the bonds, must be remitted to the Federal government on every fifth anniversary of each bond issuance. The City has evaluated its bond issuance and no arbitrage liability was recognized as of June 30, 2020.

Energy Equipment Financing

In May 2020, the City entered into a lease purchase arrangement in the amount of \$5,209,209 for equipment upgrades, replacements and installation to provide energy savings for the City. The City did not receive lease financing proceeds until August 2021. Consequently, no liability was recognized at June 30, 2020. If the maximum funding is received under the agreement, monthly principal payments would range from \$21,465 to \$41,083 and monthly interest payments would range from \$61 to \$7,914 through June 1, 2036. The lease bears interest at 1.79%.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE G – LONG-TERM LIABILITIES (Continued)

Special Assessment Debt Without City Commitment

At June 30, 2020, the outstanding principal amount of bonded debt issued by special assessment districts in the City was as follows:

2013 Reassessment Revenue Refunding Loan	\$ 4,220,800
Refunding Revenue Bonds, Series 2015	11,085,000
Community Facilities District No. 2018-1 (Green Island Road Project)	
Special Tax Revenue Bonds, Series 2020	5,165,000

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

NOTE H – NET POSITION AND FUND BALANCES

Net Position: Net position is the excess of the City's assets and deferred outflows of resources over its liabilities and deferred inflows of resources. Net Position is segregated into the following categories at the government-wide and proprietary fund level:

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

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

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

Fund Balance: Governmental fund balances represent the net current assets of each fund. Net current assets consists of a fund's assets and deferred outflows of resources over liabilities and deferred inflows of resources..

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.

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

June 30, 2020

NOTE H – NET POSITION AND FUND BALANCES (CONTINUED)

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

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

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

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

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

The Fire District Board has established a contingency reserve which may only be used in the event the City experiences a 10% reduction in the operations fund property tax revenue or in the event of a declared emergency as defined by Health and Safety Code §13901. The reserve may also only be used according to a resolution of the governing body.

The City Council has established a General Fund contingency reserve which can only be used in the event the City experiences a 10% reduction in discretionary General Fund revenue compared to the prior fiscal year or in the event of a declared emergency as defined by Municipal Code 2.48.020.

The City's Capital Projects Reserve will be increased by a minimum of \$100,000 per year until it reaches \$2 million, and thereafter it will be increased by 3% or the annual CPI, whichever is greater.

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

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE H – NET POSITION AND FUND BALANCES (CONTINUED)

	General	Fire District Operations Special Revenue	CDBG, CalHome and HOME Loan Development Special Revenue	Storm Drainage Special Revenue	State and Federal Grants - City Special Revenue	Affordable Housing Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances								
Nonspendable:								
Property held for resale	\$ 412,503							\$ 412,503
Prepaid expenditures and deposits	20,736	\$ 16,317						37,053
Total Nonspendable	433,239	16,317						449,556
Restricted:								
Public safety								
Fire District capital acquisition		100,000					\$ 1,002,520	1,102,520
Vehicle enforcement	219,472							219,472
Other							10,500	10,500
Public works								
Capital projects							8,420,494	8,420,494
La Vigne landscaping and lighting							2,470,488	2,470,488
Storm Drain				\$ 7,371,756				7,371,756
Community development, planning and building	51,425					\$ 263,954	4,912	320,291
Parks								
La Vigne Open Space							181,252	181,252
Newell Park Open Space							240,363	240,363
Other							1,259,679	1,259,679
Other activities	58,796							58,796
Total Restricted	329,693	100,000		7,371,756		263,954	13,590,208	21,655,611
Committed:								
Contingency	4,736,894	1,125,743						5,862,637
Capital projects	1,418,360							1,418,360
Total Committed	6,155,254	1,125,743						7,280,997
Assigned:								
Economic development	1,000,000							1,000,000
General plan update	222,691							222,691
Fire operations		4,684,889						4,684,889
Total Assigned	1,222,691	4,684,889						5,907,580
Unassigned:								
	2,650,256		\$ (38,753)		\$ (411,831)		(11,485)	2,188,187
Total Fund Balance	\$ 10,791,133	\$ 5,926,949	\$ (38,753)	\$ 7,371,756	\$ (411,831)	\$ 263,954	\$ 13,578,723	\$ 37,481,931

Net Position and Fund Equity Deficits

The CDBG, CalHome and HOME Loan Development Special Revenue, State and Federal Grants – City Special Revenue, Cannabis Other Special Revenue, Lease Revenue Bonds Debt Service and Building Maintenance Internal Service Funds had deficit fund balances or net position of \$38,753, \$411,831, \$10,357, \$1,128 and \$20,318, respectively, at June 30, 2020. These deficits are expected to be covered by future grants, fees or charges for services in these funds.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE I – DEFERRED COMPENSATION PLAN

City employees may defer a portion of their compensation under a City sponsored deferred compensation plan (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: All qualified permanent and probationary employees are eligible to participate in the City's cost-sharing multiple-employer defined benefit pension plan (the Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous risk pool and a safety risk pool and the following rate plans:

- City Miscellaneous Plan
- City PEPRA Miscellaneous Plan
- Fire Protection Miscellaneous Plan
- Safety Fire First Tier Plan
- Safety Fire Second Tier Plan
- Safety Fire PEPRA Plan (effective beginning fiscal year 2017)

Although one pension plan exists, CalPERS provides the information separately for the Miscellaneous and Safety Risk Pools and the information is presented separately where available. Benefit provisions under the Plan is established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

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

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

June 30, 2020

NOTE J – PENSION PLAN (Continued)

The Plan’s provisions and benefits in effect at June 30, 2020, are summarized as follows:

	City		
	City	PEPRA	Fire Protection
	<u>Miscellaneous</u>	<u>Miscellaneous</u>	<u>Miscellaneous</u>
	Prior to	On or after	Prior to
	<u>January 1, 2013</u>	<u>January 1, 2013</u>	<u>January 1, 2013</u>
Benefit formula (at full retirement)	2.0% @ 55	2.0% @ 62	3.0% @ 60
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67	50 - 60
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%	2.00% to 3.00%
Required employee contribution rates	7.00%	7.25%	8.00%
Required employer contribution rates	10.868%	7.072%	6.987%
	<u>Safety Fire</u>	<u>Safety Fire</u>	<u>Safety Fire</u>
	<u>First Tier</u>	<u>Second Tier</u>	<u>PEPRA</u>
	January 1, 1965 to	On or after	On or after
	<u>May 5, 2010</u>	<u>May 5, 2010</u>	<u>January 1, 2013</u>
Benefit formula (at full retirement)	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 55	50-57
Monthly benefits, as a % of eligible compensation	3.00%	2.40% to 3.00%	2.0% to 2.7%
Required employee contribution rates	9.00%	9.00%	12.00%
Required employer contribution rates	21.927%	20.073%	13.034%

Beginning June 29, 2019, the City and its General and Mid-Management bargaining units agreed the employees would reimburse 3.399% of the employer contribution and would equally share in any excess employer contributions exceeding 16% up to a limit of 5% additional employee contribution. On June 27, 2020, the employee rate of reimbursement was amended to be 4.855% of the employer contribution.

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

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

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

June 30, 2020

NOTE J – PENSION PLAN (Continued)

For the year ended June 30, 2020, the contributions paid to Plan were as follows:

	City Miscellaneous Risk Pool	Fire Safety Risk Pool	Fire Miscellaneous Risk Pool	Total
Contributions - employer	\$ 1,072,824	\$ 1,007,896	\$ 20,740	\$ 2,101,460

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources: As of June 30, 2020, the City reported a net pension liability for its proportionate shares of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability/Asset</u>
City Miscellaneous Risk Pool	\$ 7,887,778
Fire Safety Risk Pool	7,638,514
Fire Miscellaneous Risk Pool	71,296
Total Net Pension Liability	<u>\$15,597,588</u>

The City’s net pension liability of each risk pool is measured as the proportionate share of the net pension liability. The net pension liability of each of the risk pools is measured as of June 30, 2019, and the total pension liability for each risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for each risk pool as of June 30, 2020 and 2019 were as follows:

	City Miscellaneous Risk Pool	Fire Safety Risk Pool	Fire Miscellaneous Risk Pool
Proportion - June 30, 2019	0.19312%	0.12252%	0.00233%
Proportion - June 30, 2020	0.19697%	0.12236%	0.00178%
Change - increase (decrease)	-0.00385%	0.00016%	0.00055%

For the year ended June 30, 2020, the City recognized pension expense of \$1,961,530, \$1,523,556, \$3,894 and \$3,488,980 for the City Miscellaneous Risk Pool, Fire Safety Risk Pool, Fire Miscellaneous Risk Pool and in total for the Plan, respectively. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE J – PENSION PLAN (Continued)

City Miscellaneous Risk Pool	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,072,824	
Differences between actual and expected experience	547,839	\$ (42,446)
Changes in assumptions	376,126	(133,333)
Change in employer's proportion	178,833	(22,704)
Differences between the employer's contribution and the employer's proportionate share of contributions	23,103	(95,795)
Net differences between projected and actual earnings on plan investments		(137,903)
Total	<u>\$ 2,198,725</u>	<u>\$ (432,181)</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
Fire Safety Risk Pool		
Pension contributions subsequent to measurement date	\$ 1,007,896	
Differences between actual and expected experience	498,726	
Changes in assumptions	313,089	\$ (61,099)
Change in employer's proportion	28,291	(14,816)
Differences between the employer's contribution and the employer's proportionate share of contributions	26,179	(13,258)
Net differences between projected and actual earnings on plan investments		(105,081)
Total	<u>\$ 1,874,181</u>	<u>\$ (194,254)</u>
	Deferred Outflows of Resources	Deferred Inflows of Resources
Fire Miscellaneous Risk Pool		
Pension contributions subsequent to measurement date	\$ 20,740	
Differences between actual and expected experience	4,952	\$ (384)
Changes in assumptions	3,400	(1,205)
Change in employer's proportion		(25,628)
Differences between the employer's contribution and the employer's proportionate share of contributions	28,110	
Net differences between projected and actual earnings on plan investments		(1,247)
Total	<u>\$ 57,202</u>	<u>\$ (28,464)</u>
Total for Plan	<u>\$ 4,130,108</u>	<u>\$ (654,899)</u>

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE J – PENSION PLAN (Continued)

The amounts above reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

Year Ended June 30	City Miscellaneous Risk Pool	Fire Safety Risk Pool	Fire Miscellaneous Risk Pool	Total
2021	\$ 672,592	\$ 575,676	\$ 6,225	\$ 1,254,493
2022	(71,609)	(12,389)	233	(83,765)
2023	64,870	88,298	1,287	154,455
2024	27,867	20,446	253	48,566
	<u>\$ 693,720</u>	<u>\$ 672,031</u>	<u>\$ 7,998</u>	<u>\$ 1,373,749</u>

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

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Market value
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Payroll growth	2.875%
Projected salary increase	0.4% - 17.0% (1)
Investment rate of return	7.15% (2)
Mortality	Based on CalPERS Study

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate: The discount rate used in the accounting valuations to measure the total pension liability was 7.15% for each risk pool. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE J – PENSION PLAN (Continued)

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global equity	50.0%	4.80%	5.98%
Fixed income	28.0%	1.00%	2.62%
Inflation assets	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100.0%		

(a) An expected inflation of 2.00% used for this period.

(b) An expected inflation of 2.92% used for this period.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE J – PENSION PLAN (Continued)

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

	City Miscellaneous Risk Pool	Fire Safety Risk Pool	Fire Miscellaneous Risk Pool	Total
1% decrease	6.15%	6.15%	6.15%	6.15%
Net pension liability	\$ 12,584,852	\$ 11,404,011	\$ 71,296	\$ 24,060,159
Current discount rate	7.15%	7.15%	7.15%	7.15%
Net pension liability	\$ 7,887,778	\$ 7,638,514	\$ 71,296	\$ 15,597,588
1% increase	8.15%	8.15%	8.15%	8.15%
Net pension liability	\$ 4,010,674	\$ 4,551,396	\$ 71,296	\$ 8,633,366

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

Payable to the Plan: At June 30, 2020, the City had contributions payable to the City Miscellaneous and Fire Safety Risk Pools of \$45,471 and \$16,430, respectively.

NOTE K – OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions: The City’s defined benefit OPEB Plan (City Plan) and the Fire District’s defined benefit OPEB Plan (Fire Plan) are both agent multiple-employer defined benefit plans that provide OPEB benefits to retirees that meet eligibility requirements. The City Council has the authority to establish and amend the benefit terms of each Plan according to the Memorandum of Understanding with the labor units. The City Plan and the Fire Plan both participate in the CalPERS California Employers' Retiree Benefit Trust (CERBT) Fund, which is a Section 115 trust fund administered by CalPERS. The CERBT issues a publicly available financial statements that may be obtained from CalPERS at www.calpers.ca.gov.

City Plan Benefits Provided: To qualify for postemployment medical benefits, an employee must be eligible for benefits and retire from the City. The City Plan does not provide dental and vision coverage. Employees must retire with CalPERS benefits to be eligible for City Plan benefits. Nondisabled participants must be at least age 50 and have five years of service. Disabled participants do not have a minimum retirement age and must have five years of service. Employees/retirees and their eligible spouses and dependents receive medical benefits offered through CalPERS.

For City retirees hired prior to July 2016 and enrolled in CalPERS health coverage, the City contributes a monthly payment equal to 100% of the current “Supplemental/Managed Monthly

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE K – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employee Only Rate for Kaiser Senior Advantage” to CalPERS. CalPERS deducts the remaining cost of the medical insurance premium from the retirees account. The City reimburses the retiree for 90% of the Kaiser HMO premium rates less the payment made to CalPERS for the “Supplemental/Managed Monthly Employee Only Rate for Kaiser Senior Advantage.”

For retirees hired in or after July 2016 and enrolled in CalPERS health coverage, the City contributes a monthly payment equal to 100% of the current “Supplemental/Managed Monthly Employee Only Rate for Kaiser Senior Advantage” to CalPERS. CalPERS deducts the remaining cost of the medical premium from the retirees account.

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 active employees beyond COBRA continuation.

Fire Plan Benefits Provided: Employees must retire with CalPERS benefits to be eligible for Fire Plan benefits. Nondisabled participants must be at least age 50 and have five years of service. Disabled participants do not have a minimum retirement age and must have five years of service. Employees/retirees and their eligible spouses and dependents receive medical benefits offered through CalPERS. The Fire Plan offers retirees and their dependents access to dental, vision and life insurance for the remainder of their lifetime at the same premium rates applicable to active employees.

For employees hired prior to June 1, 2010, the District contributes the same amount for retirees as is contributed for similarly situated active employees. The District contributes the full premium up to 95% of the premium (determined reflecting coverage level and Basic, Combination or Supplemental rate) for the Kaiser Bay Area plan offered by CalPERS.

For employees hired on or after June 1, 2010, the Fire Plan has vesting requirements. Under the vesting program, employees must have ten years of CalPERS service, five of which must be with the District, to receive a contribution of 50%. An additional 5% contribution is received for each additional year of service up a 100% contribution after 20 years of service. The premium paid by the Fire Plan for employees hired on or after June 1, 2010 is subject to a cap. For 2020, the caps were \$767 for retiree only coverage, \$1,461 for the retiree plus one dependent and \$1,868 for the retiree plus 2 or more dependents.

Employees Covered by Benefit Terms: At the June 30, 2019 actuarial valuation date, the following employees were covered by the benefit terms:

	<u>City Plan</u>	<u>Fire Plan</u>
Inactive employees or beneficiaries currently receiving benefit payments	31	12
Inactive employees entitled to but not yet receiving benefit payments	13	
Active employees	<u>76</u>	<u>20</u>
Total	<u><u>120</u></u>	<u><u>32</u></u>

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE K – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Contributions: The City Council and Fire District Board have the authority to establish and amend the contribution requirements of the City and Fire District and employees with powers granted to it under the City Municipal Code and California Government Code, subject to the Memorandums of Understanding with employee bargaining units.

Employees are not required to contribute to the City or Fire Plans. During the fiscal year ended June 30, 2020, the City’s direct payments of insurance premiums were \$115,737, implicit subsidy was \$150,900 and cash contributions to the trust were \$304,863, resulting in total contributions of \$571,500. During the fiscal year ended June 30, 2020, the Fire District’s direct payments of insurance premiums were \$229,728, implicit subsidy was \$90,130 and cash contributions to the trust were \$188,140, resulting in total contributions of \$507,998. The City and Fire District make contributions to the CERBT, which is administered by CalPERS.

Net OPEB Liability: The City and Fire District's net OPEB liabilities were measured as of June 30, 2019, and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of June 30, 2018.

Actuarial Assumptions: The total OPEB liabilities at the measurement date were determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	City Plan	Fire Plan
Valuation date	June 30, 2019	June 30, 2019
Measurement date	June 30, 2019	June 30, 2019
Actuarial cost method	Entry-age normal cost method	Entry-age normal cost method
Actuarial assumptions:		
Discount rate	6.95%	6.95%
Inflation	2.50%	2.50%
Salary increases	3.00%	3.00%
Investment rate of return	6.95%	7.05%
Mortality rates	Derived using CalPERS membership data	Derived using CalPERS membership data
Pre-retirement turnover	Derived using CalPERS membership data	Derived using CalPERS membership data
Healthcare trend rate	5.4% grading down to 4% in 2076	6.5% grading down to 5% in 2025
Assumed HMO/PPO split	Not specified	Not specified
Percentage electing to cover spouse	60% for employees hired before July 1, 2016; 45% for employees hired on/after July 1, 2016	85%

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE K – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Mortality information for the City and Fire Plans was derived from data collected during 1997 to 2015 CalPERS Experience Study dated December 2017. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications. The City and Fire Plans mortality improvement was based on the MacLeod Watts Scale 2018.

The pre-retirement turnover information was developed based on CalPERS’ specific data. For more details, please refer to the December 2017 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The City and Fire District have both elected the CERBT Strategy 1 portfolio. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Global equity	59.0%	5.98%
Fixed income	25.0%	2.62%
Real estate investment trusts (REITs)	8.0%	5.00%
Treasury inflation protected securities (TIPS)	5.0%	1.46%
Commodities	3.0%	2.87%
Total	100.0%	

Discount Rate: The discount rate used to measure the total City and Fire District OPEB liabilities was 6.95%. The City and Fire District discount rates were reduced from 7.25% and 7.10%, respectively, at the previous measurement date. The projection of cash flows used to determine the discount rate assumed that City and Fire District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the City and Fire Plans’ fiduciary net positions were projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments were applied to all periods of projected benefit payments to determine the total OPEB liabilities.

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

June 30, 2020

NOTE K – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Net OPEB Liability: Changes in the net OPEB liability were as follows during the year ended June 30, 2020:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
City Plan			
Balance at June 30, 2019	\$ 8,176,600	\$ 4,741,100	\$ 3,435,500
Changes in the year:			
Service cost	335,883		335,883
Interest	602,996		602,996
Difference between expected and actual experience	(416,017)		(416,017)
Changes in assumptions	945,591		945,591
Contributions - employer		576,296	(576,296)
Net investment income		300,131	(300,131)
Administrative expenses		(1,033)	1,033
Benefit payments	(390,596)	(390,596)	
Net changes	<u>1,077,857</u>	<u>484,798</u>	<u>593,059</u>
Balance at June 30, 2020	<u>\$ 9,254,457</u>	<u>\$ 5,225,898</u>	<u>\$ 4,028,559</u>
Fire Plan			
Balance at June 30, 2019	\$ 5,785,204	\$ 2,297,436	\$ 3,487,768
Changes in the year:			
Service cost	226,062		226,062
Interest	417,289		417,289
Difference between expected and actual experience	(837,691)		(837,691)
Changes in assumptions	184,537		184,537
Contributions - employer		483,301	(483,301)
Net investment income		149,305	(149,305)
Administrative expenses		(530)	530
Benefit payments	(267,920)	(267,920)	
Net changes	<u>(277,723)</u>	<u>364,156</u>	<u>(641,879)</u>
Balance at June 30, 2020	<u>\$ 5,507,481</u>	<u>\$ 2,661,592</u>	<u>\$ 2,845,889</u>
Total City and Fire Plans	<u>\$ 14,761,938</u>	<u>\$ 7,887,490</u>	<u>\$ 6,874,448</u>

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE K – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates: The following presents the net OPEB liability of the City and Fire District, as well as what the City and Fire District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
Net OPEB liability - City Plan	\$ 5,263,172	\$ 4,028,559	\$ 3,010,550

	1% Decrease 5.95%	Current Discount Rate 6.95%	1% Increase 7.95%
Net OPEB liability - Fire Plan	\$ 3,607,554	\$ 2,845,889	\$ 2,229,089

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the City and Fire District, as well as what the City and Fire District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease Initial rate of 4% grading down to ultimate 3%	Current Healthcare Cost Trend Rates Initial rate of 5% grading down to ultimate 4%	1% Increase Initial rate of 6% grading down to ultimate 5%
Net OPEB liability - City Plan	\$ 2,869,132	\$ 4,028,559	\$ 5,459,044

	1% Decrease Initial rates if 6% grading down to ultimate 4%	Current Healthcare Cost Trend Rates Initial rate of 7% grading down to ultimate 5%	1% Increase Initial rates if 8% grading down to ultimate 6%
Net OPEB liability - Fire Plan	\$ 2,165,823	\$ 2,845,889	\$ 3,692,555

OPEB Plan Fiduciary Net Position: Detailed information about the City and Fire District Plan's fiduciary net position is available in the separately issued CERBT financial report at www.calpers.ca.gov.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources: For the year ended June 30, 2020, the City and Fire District recognized OPEB expense of \$645,010 and \$329,751, respectively, for a total OPEB expense of \$974,761.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE K – OTHER POSTEMPLOYMENT BENEFITS (Continued)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City Plan		
OPEB contributions subsequent to measurement date	\$ 571,500	
Differences between actual and expected experience		\$ (359,813)
Changes in assumptions	821,823	
Net differences between projected and actual earnings on plan investments		<u>(11,389)</u>
Total - City Plan	<u>\$ 1,393,323</u>	<u>\$ (371,202)</u>
Fire Plan		
OPEB contributions subsequent to measurement date	\$ 507,998	
Differences between actual and expected experience		\$ (1,207,074)
Changes in assumptions	301,270	
Net differences between projected and actual earnings on plan investments		<u>(15,867)</u>
Total - Fire Plan	<u>\$ 809,268</u>	<u>\$ (1,222,941)</u>
Total - City and Fire Plans	<u>\$ 2,202,591</u>	<u>\$ (1,594,143)</u>

The amount reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended			
June 30	City Plan	Fire Plan	Total
2021	\$ 55,522	\$ (143,385)	\$ (87,863)
2022	55,521	(143,383)	(87,862)
2023	76,881	(131,832)	(54,951)
2024	79,703	(128,527)	(48,824)
2025	69,316	(132,815)	(63,499)
Thereafter	<u>113,678</u>	<u>(241,729)</u>	<u>(128,051)</u>
	<u>\$ 450,621</u>	<u>\$ (921,671)</u>	<u>\$ (471,050)</u>

Payable to the OPEB Plan: At June 30, 2020, there were no significant payables to the OPEB plans.

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE L – RISK MANAGEMENT

Insurance Coverages

The City is a member of the Pooled Liability Assurance Network Joint Powers Authority (Plan JPA) for liability coverage up to \$2.5 million with excess liability coverage through commercial carriers of \$27.5 million, for total coverage of \$25 million, subject to a deductible of \$25,000. The Plan JPA also provides property and vehicle coverage of \$225,000 with excess liability coverage through commercial carriers of \$999,775,000, for total coverage of \$1 billion, subject to a deductible of \$5,000.

The City is also a member of the Shared Agency Risk Pool (SHARP), which is administered by the Plan JPA, for worker’s compensation insurance. Workers compensation insurance is provided by SHARP up to \$250,000 and excess insurance exists through the Local Agency Worker’s Compensation Excess Joint Powers Authority (LAWCX) that results in a coverage limit of up to \$5,000,000 per claim. Excess commercial insurance is retained by LAWCX up to \$50 million. The City has no deductible for such claims. Insurance transactions are accounted for in the City’s General Fund.

The Plan, SHARP and LAWCX are governed by boards consisting of representatives from member agencies. The boards control the operations of the Plan, SHARP and LAWCX, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the boards. 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. Audited financial statements may be obtained from the Plan, SHARP and LAWCX at 1750 Creekside Drive, Suite 200, Sacramento, CA 95833.

The component unit Fire Protection District of the City obtains general, personal injury, fire damage, medical, products/completed operations annual aggregate, umbrella, management, cyber, auto, employee dishonesty and garage keepers liability insurance through its membership in the Fire Agencies Insurance Risk Authority (FAIRA). The District transfers the risk of loss to the Authority and is covered by the Authority from \$10,000 to \$1,000,000 per occurrence with an aggregate limit of \$10,000,000 or \$1 million for employee dishonesty coverage. Deductibles range from \$250 to \$7,500, depending on the coverage. 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 \$750,000 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 Worker Compensation Claims: The City’s liability for uninsured worker compensation 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 June 30, 2020</u>	<u>Year Ended June 30, 2019</u>	<u>Year Ended June 30, 2018</u>
Unpaid claims, beginning of fiscal year	\$ 724,016	\$ 723,936	\$ 786,189
Incurred claims (including IBNRs)	501,074	217,917	105,185
Claim payments	<u>(160,772)</u>	<u>(217,837)</u>	<u>(167,438)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,064,318</u>	<u>\$ 724,016</u>	<u>\$ 723,936</u>

CITY OF AMERICAN CANYON, CALIFORNIA

NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)

June 30, 2020

NOTE L – RISK MANAGEMENT (Continued)

The City has had no settlements that exceeded insurance coverage in the last three fiscal years, and no changes in insurance coverage have accrued from the prior year. The liability for uninsured claims is typically liquidated by the Fire District Operations Special Revenue Fund.

NOTE M – OTHER COMMITMENTS AND CONTINGENT LIABILITIES

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak and related state and local shelter-in-place orders are disrupting supply chains and affecting production and sales across a range of industries. The City has lost a significant amount of revenue due to this pandemic and has responded by reducing spending. The extent of the impact of COVID-19 on the City's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on customers, employees and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain.

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

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

The City has an agreement with the Napa County Flood Control and Water Conservation District (Napa Flood) to acquire water from the California State Water Project through the year 2035. Each year, the State determines the capital and operating costs associated with Napa Flood's share of the North Bay Aqueduct as well a charge dependent on water deliveries. The City's share of these costs is approximately 18%. The City is obligated to pay the capital component even if does not receive water. The amount paid under this contract during the year ended June 30, 2020 was approximately \$1.7 million, of which \$630,420 was related to the capital component. A similar payment will be required each year through 2035. The State Water Project contractors and State Department of Water Resources are currently negotiating to extend the contract beyond 2035.

In December 2019, the Council approved an agreement for consulting services for the Comprehensive General Plan 2040 Update in an amount not to exceed \$1,466,574. As of June 30, 2020, \$167,901 has been spent on this project.

NOTE N – SUBSEQUENT EVENTS

In May 2019, the American Canyon Fire Protection District entered into a lease and option agreement and an agreement for the purchase of real property that would be used as a future fire station, administration facility and emergency operations center. The agreement called for an initial payment of \$11,000, an agreement to lease the site for 22 months at \$2,000 per month and an option

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

June 30, 2020

NOTE N – SUBSEQUENT EVENTS (Continued)

to purchase the real property for \$540,000 during the option period of February 1, 2021 to February 28, 2021. The City Council approved exercising the option to purchase the real property on February 2, 2021.

In November 2020, the Council authorized a construction contract in the amount of \$4,723,732 with DeSilva Gates Construction LP for the Devlin Road and Vine Trail Extension Project.

In December 2019, the City reached an agreement with a property owner to transfer 232,000 square feet and 212,000 square feet of easements and right of ways, respectively, to the City that will benefit the Devlin Road and Vine Trail Extension and Green Island Road Projects. The estimated value of the property rights being acquired is \$4.0 million. In the event the property owner develops the land for industrial use, the transfer of the property interest will be adequate consideration for the proportionate share of the construction costs for the Devlin Road and Vine Trail Extension and Green Island Road Projects. The land owner would still be required to pay development impact fees to the City. The transfer of the property rights occurred in 2021.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF AMERICAN CANYON, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.19697%	0.19312%	0.19133%	0.18829%	0.19150%	0.20960%
Proportionate share of the net pension liability	\$ 7,887,778	\$ 7,278,267	\$ 7,542,231	\$ 6,540,954	\$ 5,334,328	\$ 5,166,818
Covered payroll - measurement period	\$ 5,876,867	\$ 5,993,406	\$ 5,979,018	\$ 5,417,416	\$ 5,157,279	\$ 5,062,574
Proportionate share of the net pension liability as a percentage of covered payroll	134.22%	121.44%	126.14%	120.74%	103.43%	102.06%
Plan fiduciary net position as a percentage of the total pension liability	77.41%	76.60%	74.15%	71.92%	78.22%	77.38%

Notes to Schedule:

Change in Benefit Terms: None.

Changes in assumptions: The discount rate was changed from 7.50% in 2015 to 7.65% in 2016 and 2017 and to 7.15% in 2018.

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined) - employer fiscal year	\$ 1,072,824	\$ 990,170	\$ 918,516	\$ 903,780	\$ 816,543	\$ 737,934
Contributions in relation to the actuarially determined contributions	(1,072,824)	(990,170)	(918,516)	(903,780)	(816,543)	(737,934)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - employer fiscal year	\$ 6,383,583	\$ 5,876,867	\$ 5,993,406	\$ 5,979,018	\$ 5,417,416	\$ 5,157,279
Contributions as a percentage of covered payroll	16.81%	16.85%	15.33%	15.12%	15.07%	14.31%
Valuation date for contribution rates:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Valuation date for financial reporting:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial method			Entry age normal cost method			
Amortization method			Level percentage of payroll, closed			
Remaining amortization period			Varies, not more than 30 years			
Asset valuation method			Market value			
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases			Varies by entry age and service			
Investment rate of return and discount rate	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	50-67 years. Probabilities of retirement are based on the most recent CalPERS Experience Study.					
Mortality	Most recent CalPERS Experience Study					

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Information will be presented prospectively as it becomes available.

CITY OF AMERICAN CANYON, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.12236%	0.12252%	0.12085%	0.12357%	0.12520%	0.11999%
Proportionate share of the net pension liability	\$ 7,638,514	\$ 7,189,025	\$ 7,220,857	\$ 6,399,934	\$ 5,159,412	\$ 4,500,491
Covered payroll - measurement period	\$ 1,891,216	\$ 1,824,180	\$ 1,944,380	\$ 1,524,899	\$ 1,501,544	\$ 1,606,377
Proportionate share of the net pension liability as a percentage of covered payroll	403.89%	394.10%	371.37%	419.70%	343.61%	280.16%
Plan fiduciary net position as a percentage of the total pension liability	72.20%	72.74%	71.56%	71.92%	75.49%	77.83%

Notes to Schedule:

Change in Benefit Terms: None

Changes in assumptions: The discount rate was changed from 7.50% in 2015 to 7.65% in 2016 and 2017 and to 7.15% in 2018.

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined) - employer fiscal year	\$ 1,007,896	\$ 881,120	\$ 781,173	\$ 712,349	\$ 622,420	\$ 549,070
Contributions in relation to the actuarially determined contributions	(1,007,896)	(881,120)	(781,173)	(712,349)	(622,420)	(549,070)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - fiscal year	\$ 2,023,975	\$ 1,891,216	\$ 1,824,180	\$ 1,944,380	\$ 1,524,899	\$ 1,501,544
Contributions as a percentage of covered payroll	49.80%	46.59%	42.82%	36.64%	40.82%	36.57%
Valuation date for contribution rates:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Valuation date for financial reporting:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Methods and assumptions used to determine contribution rates:

Actuarial method	Entry age normal cost method					
Amortization method	Level percentage of payroll, closed					
Remaining amortization period	Varies, not more than 30 years					
Asset valuation method	Market value					
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service					
Investment rate of return and discount rate	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	50-60 years. Probabilities of retirement are based on the most recent CalPERS Experience Study.					
Mortality	Most recent CalPERS Experience Study					

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Information will be presented prospectively as it becomes available.

CITY OF AMERICAN CANYON, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2020

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability	0.00178%	0.00233%	0.00232%	0.00270%	0.00304%	0.00294%
Proportionate share of the net pension liability	\$ 71,296	\$ 87,920	\$ 91,294	\$ 93,760	\$ 83,520	\$ 72,565
Covered payroll - measurement period	N/A	N/A	N/A	N/A	N/A	N/A
Proportionate share of the net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	0.00%	0.00%	0.00%	64.80%	68.95%	73.76%

Notes to Schedule:

Change in Benefit Terms: None

Changes in assumptions: The discount rate was changed from 7.50% in 2015 to 7.65% in 2016 and 2017 and to 7.15% in 2018.

The plan did not have active employees from 2015 - 2019, so there was no covered payroll during those fiscal years.

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

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution (actuarially determined) - employer fiscal year	\$ 20,740	\$ 18,930	\$ 19,016	\$ 6,602	\$ 6,056	\$ 5,443
Contributions in relation to the actuarially determined contributions	(20,740)	(18,930)	(19,016)	(6,602)	(6,056)	(5,443)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll - fiscal year	\$ 27,107	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	76.51%	N/A	N/A	N/A	N/A	N/A
Valuation date for contribution rates:	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Valuation date for financial reporting:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Methods and assumptions used to determine contribution rates:

Single Employers Example	Entry age normal cost method					
Amortization method	Level percentage of payroll, closed					
Remaining amortization period	Varies, not more than 30 years					
Asset valuation method	Market value					
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service					
Investment rate of return and discount rate	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	50-67 years. Probabilities of retirement are based on the most recent CalPERS Experience Study.					
Mortality	Most recent CalPERS Experience Study					

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date. Information will be presented prospectively as it becomes available.

CITY OF AMERICAN CANYON, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS - CITY PLAN

For the Year Ended June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 335,883	\$ 326,100	\$ 326,100
Interest	602,996	553,400	519,700
Changes in assumptions	945,591		
Differences between expected and actual experience	(416,017)	2,700	
Benefit payments	(390,596)	(351,400)	(407,000)
Net change in total OPEB liability	1,077,857	530,800	438,800
Total OPEB liability - beginning	8,176,600	7,645,800	7,207,000
Total OPEB liability - ending (a)	<u>\$ 9,254,457</u>	<u>\$ 8,176,600</u>	<u>\$ 7,645,800</u>
Plan fiduciary net position			
Contributions - employer	\$ 576,296	\$ 693,900	\$ 673,700
Net investment income	300,131	322,826	366,285
Benefit payments	(390,596)	(351,400)	(407,000)
Administrative expenses	(1,033)	(2,126)	(1,785)
Net change in plan fiduciary net position	484,798	663,200	631,200
Plan fiduciary net position - beginning	4,741,100	4,077,900	3,446,700
Plan fiduciary net position - ending (b)	<u>\$ 5,225,898</u>	<u>\$ 4,741,100</u>	<u>\$ 4,077,900</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 4,028,559</u>	<u>\$ 3,435,500</u>	<u>\$ 3,567,900</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>56.47%</u>	<u>57.98%</u>	<u>53.34%</u>
Covered-employee payroll - measurement period	<u>\$ 5,955,051</u>	<u>\$ 6,053,800</u>	<u>\$ 5,811,270</u>
Net OPEB liability as percentage of covered-employee payroll	<u>67.65%</u>	<u>56.75%</u>	<u>61.40%</u>
Notes to Schedule:			
Valuation date	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017
Benefit changes:	None		
Changes in assumptions:	Health care trend decreased by 0.35% and degrades down to ultimate 4% in 2076 rather than 2030 in 2020. Discount rate changed from 7.25% in 2018 and 2019 to 6.95% in 2020.		

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

CITY OF AMERICAN CANYON, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS - FIRE PLAN

For the Year Ended June 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 226,062	\$ 210,881	\$ 146,079
Interest	417,289	393,002	413,368
Differences between expected and actual experience	(837,691)		(705,918)
Changes in assumptions	184,537	126,927	60,313
Benefit payments	(267,920)	(266,215)	(250,572)
Net change in total OPEB liability	(277,723)	464,595	(336,730)
Total OPEB liability - beginning	5,785,204	5,320,609	5,657,339
Total OPEB liability - ending (a)	<u>\$ 5,507,481</u>	<u>\$ 5,785,204</u>	<u>\$ 5,320,609</u>
Plan fiduciary net position			
Contributions - employer	\$ 483,301	\$ 530,288	\$ 414,364
Net investment income	149,305	162,465	175,524
Benefit payments	(267,920)	(266,215)	(250,572)
Administrative and other expenses	(530)	(3,591)	(904)
Net change in plan fiduciary net position	364,156	422,947	338,412
Plan fiduciary net position - beginning	2,297,436	1,874,489	1,536,077
Plan fiduciary net position - ending (b)	<u>\$ 2,661,592</u>	<u>\$ 2,297,436</u>	<u>\$ 1,874,489</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 2,845,889</u>	<u>\$ 3,487,768</u>	<u>\$ 3,446,120</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>48.33%</u>	<u>39.71%</u>	<u>35.23%</u>
Covered-employee payroll - measurement period	<u>\$ 2,837,425</u>	<u>\$ 2,509,387</u>	<u>\$ 2,167,463</u>
Net OPEB liability as percentage of covered-employee payroll	<u>100.30%</u>	<u>138.99%</u>	<u>158.99%</u>
Notes to Schedule:			
Valuation date	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017
Benefit changes:	None		
Changes in assumptions:	0.5% increase in healthcare trend in 2018. Discount rate changed from 7.28% in 2018 to 7.10% in 2019 to 6.95% in 2020.		

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

CITY OF AMERICAN CANYON, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN - CITY PLAN
 LAST TEN FISCAL YEARS

For the Year Ended June 30, 2020

	2020	2019	2018
Actuarially determined contribution - employer fiscal year	\$ 571,500	\$ 576,700	\$ 582,400
Contributions in relation to the actuarially determined contributions	<u>(571,500)</u>	<u>(578,522)</u>	<u>(692,000)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (1,822)</u>	<u>\$ (109,600)</u>
Covered-employee payroll - employer fiscal year (revised in 2020)	\$ 6,399,829	\$ 5,955,051	\$ 6,053,800
Contributions as a percentage of covered payroll	8.93%	9.71%	11.43%

Notes to Schedule:

Valuation date	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method		
Amortization method	Level percentage of payroll, closed		
Amortization period	30 years		
Asset valuation method	Market value of assets		
Inflation	2.50%	Not stated	Not stated
Payroll growth	3.00%	3.25%	3.25%
Investment rate of return	6.95%	7.25%	7.25%
Healthcare cost-trend rate, initial	5.00%	Varies	Varies
Healthcare trending down to	4.00%	4.00%	4.00%
Retirement age	Most recent CalPERS Experience Study		
Mortality	Most recent CalPERS Experience Study		
Assumed HMO/PPO split	Not stated	65%/35%	65%/35%
Percentage electing to cover spouse	(1)	60%	60%

(1) 60% for employees hired before July 1, 2016; 45% for employees hired on/after July 1, 2016

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

CITY OF AMERICAN CANYON, CALIFORNIA

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
 SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN - FIRE PLAN
 LAST TEN FISCAL YEARS

For the Year Ended June 30, 2020

	2020	2019	2018
Contractually determined contribution - employer fiscal year	\$ 507,998	\$ 492,634	\$ 457,056
Contributions in relation to the contractually determined contributions	(507,998)	(483,301)	(530,288)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ 9,333</u>	<u>\$ (73,232)</u>
Covered-employee payroll - employer fiscal year	\$ 2,288,791	\$ 2,837,425	\$ 2,509,387
Contributions as a percentage of covered payroll	22.20%	17.03%	21.13%

Notes to Schedule:

Valuation date	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2019	June 30, 2018	June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method		
Amortization method	Level percentage of payroll, closed		
Amortization period	30 years		
Asset valuation method	Market value of assets		
Inflation	2.50%	2.75%	2.75%
Payroll growth	3.00%	3.25%	3.25%
Investment rate of return	7.05%	7.28%	7.28%
Healthcare trend, initial	7.00%	8.00%	8.00%
Healthcare trending down to	5.00%	5.00%	5.00%
Retirement age	Most recent CalPERS Experience Study		
Mortality	Most recent CalPERS Experience Study		
Percentage electing to cover spouse	85%	85%	85%

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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**SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON
MAJOR CAPITAL PROJECTS FUND**

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Affordable Housing Capital Projects Fund
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Charges for services	\$ 1,080,923	\$ 1,080,923	\$ 557,697	\$ (523,226)
Use of money and property			5,312	5,312
Other			91,898	91,898
TOTAL REVENUES	<u>1,080,923</u>	<u>1,080,923</u>	<u>654,907</u>	<u>(426,016)</u>
EXPENDITURES				
Current:				
Community development	132,700	132,700	177,000	(44,300)
TOTAL EXPENDITURES	<u>132,700</u>	<u>132,700</u>	<u>177,000</u>	<u>(44,300)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>948,223</u>	<u>948,223</u>	<u>477,907</u>	<u>(470,316)</u>
NET CHANGE IN FUND BALANCE	948,223	948,223	477,907	(470,316)
Fund balance, beginning of year	<u>(213,953)</u>	<u>(213,953)</u>	<u>(213,953)</u>	
FUND BALANCE, END OF YEAR	<u>\$ 734,270</u>	<u>\$ 734,270</u>	<u>\$ 263,954</u>	<u>\$ (470,316)</u>

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Measure T Streets and Roads – Accounts for the voter approved sales tax funds received for the maintenance, reconstruction and rehabilitation of streets, roads and transportation infrastructure.

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

Transportation Fund for Clean Air – Accounts for revenue received from a surcharge collected on motor vehicle registrations in the Bay Area which are to be used on projects that help clean the air by reducing motor vehicle emissions.

BEGIN Program – Accounts for revenue granted by the California Department of Housing and Community Development to reduce local regulatory barriers to affordable homeownership housing and provide down-payment assistance loans to qualifying homebuyers.

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 owner's 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.

State and Federal Grants - Fire – Accounts for State and Federal Grants received for fire services.

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

Cannabis – Accounts for developer deposits and fees received to reimburse the City for costs associated with reviewing commercial cannabis business permits and conditional use permits.

Community Facilities District – Accounts for resources accumulated from property owners for Community Facilities District maintenance.

CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

DEBT SERVICE FUNDS

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

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

CITY OF AMERICAN CANYON
Combining Balance Sheet
Other Governmental Funds
June 30, 2020

SPECIAL REVENUE FUNDS

	Measure T - Streets and Roads	Gas Tax	Transportation Fund for Clean Air	BEGIN Program	State Supplemental Law Enforcement
ASSETS					
Cash and investments	\$ 1,145,667	\$ 704,064		\$ 4,912	\$ 4,442
Restricted cash and investments					
Taxes receivable	500,776				
Accounts receivable, net					
Interest receivable	4,834	2,303			167
Due from other governments		25,725			56,727
Loans receivable, net				90,925	
TOTAL ASSETS	\$ 1,651,277	\$ 732,092	\$ -	\$ 95,837	\$ 61,336
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 30,302				
Due to other funds					
TOTAL LIABILITIES	30,302				
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue				\$ 90,925	\$ 56,727
TOTAL DEFERRED INFLOWS OF RESOURCES				90,925	56,727
FUND BALANCES					
Restricted for:					
Public safety					4,609
Public works	1,620,975	\$ 732,092			
Community development, planning and building				4,912	
Parks					
Unassigned					
TOTAL FUND BALANCES	1,620,975	732,092		4,912	4,609
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 1,651,277	\$ 732,092	\$ -	\$ 95,837	\$ 61,336

SPECIAL REVENUE FUNDS

La Vigne Landscape and Lighting	La Vigne Open Space	Newell Park Open Space	State and Federal Grants - Fire	Zero Water Footprint	Cannabis	Community Facilities District	Total Other Governmental Special Revenue Funds
\$ 2,485,736	\$ 182,320	\$ 242,238	\$ 5,891	\$ 236,986		\$ 21,603	\$ 5,033,859
3,017						6,458	510,251
8,974	668	703		814	\$ (27)	103	18,539
							82,452
							90,925
<u>\$ 2,497,727</u>	<u>\$ 182,988</u>	<u>\$ 242,941</u>	<u>\$ 5,891</u>	<u>\$ 237,800</u>	<u>\$ (27)</u>	<u>\$ 28,164</u>	<u>\$ 5,736,026</u>
\$ 27,239	\$ 1,736	\$ 2,578			\$ 825	\$ 790	\$ 63,470
					9,505		9,505
<u>27,239</u>	<u>1,736</u>	<u>2,578</u>			<u>10,330</u>	<u>790</u>	<u>72,975</u>
							147,652
							147,652
			\$ 5,891				10,500
2,470,488				\$ 237,800		27,374	5,088,729
							4,912
	181,252	240,363					421,615
					(10,357)		(10,357)
<u>2,470,488</u>	<u>181,252</u>	<u>240,363</u>	<u>5,891</u>	<u>237,800</u>	<u>(10,357)</u>	<u>27,374</u>	<u>5,515,399</u>
<u>\$ 2,497,727</u>	<u>\$ 182,988</u>	<u>\$ 242,941</u>	<u>\$ 5,891</u>	<u>\$ 237,800</u>	<u>\$ (27)</u>	<u>\$ 28,164</u>	<u>\$ 5,736,026</u>

Continued

CITY OF AMERICAN CANYON
Combining Balance Sheet
Other Governmental Funds
June 30, 2020

CAPITAL PROJECTS FUNDS

	Fire Mitigation	Park Improvement	Traffic Impact	Infrastructure	City Capital Projects
ASSETS					
Cash and investments	\$ 955,118	\$ 1,255,081	\$ 3,890,418	\$ 31,566	\$ 231,138
Restricted cash and investments				290,867	
Taxes receivable					
Accounts receivable, net	43,806				
Interest receivable	3,596	4,598	15,063	116	
Due from other governments					
Loans receivable, net					
TOTAL ASSETS	\$ 1,002,520	\$ 1,259,679	\$ 3,905,481	\$ 322,549	\$ 231,138
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable			\$ 98,352		\$ 11,701
Due to other funds					
TOTAL LIABILITIES			98,352		11,701
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue					
TOTAL DEFERRED INFLOWS OF RESOURCES					
FUND BALANCES					
Restricted for:					
Public safety	\$ 1,002,520				
Public works			3,807,129	\$ 322,549	219,437
Community development, planning and building					
Parks		\$ 1,259,679			
Unassigned					
TOTAL FUND BALANCES	1,002,520	1,259,679	3,807,129	322,549	219,437
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	\$ 1,002,520	\$ 1,259,679	\$ 3,905,481	\$ 322,549	\$ 231,138

CAPITAL PROJECTS FUNDS

DEBT SERVICE FUNDS

Civic Facilities Capital Projects	Total Other Governmental Capital Projects Funds	Lease Revenue Bonds	Cabernet Village Lease	Total Other Governmental Debt Service Funds	Total Other Governmental Funds
\$ 1,447,314	\$ 7,810,635				\$ 12,844,494
	290,867				290,867
					510,251
	43,806				43,806
5,824	29,197	\$ (240)		\$ (240)	47,496
					82,452
					90,925
<u>\$ 1,453,138</u>	<u>\$ 8,174,505</u>	<u>\$ (240)</u>	<u>\$ -</u>	<u>\$ (240)</u>	<u>\$ 13,910,291</u>
	\$ 110,053				\$ 173,523
		\$ 888		\$ 888	10,393
	110,053	888		888	183,916
					147,652
					147,652
	1,002,520				1,013,020
\$ 1,453,138	5,802,253				10,890,982
					4,912
	1,259,679				1,681,294
		(1,128)		(1,128)	(11,485)
<u>1,453,138</u>	<u>8,064,452</u>	<u>(1,128)</u>		<u>(1,128)</u>	<u>13,578,723</u>
<u>\$ 1,453,138</u>	<u>\$ 8,174,505</u>	<u>\$ (240)</u>	<u>\$ -</u>	<u>\$ (240)</u>	<u>\$ 13,910,291</u>

CITY OF AMERICAN CANYON
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2020

SPECIAL REVENUE FUNDS

	Measure T- Streets and Roads	Gas Tax	Transportation Fund for Clean Air	BEGIN Program	State Supplemental Law Enforcement
REVENUES					
Sales taxes	\$ 1,685,501				
Special assessments					
Licenses and permits					
Intergovernmental		\$ 823,559	\$ 55,427		\$ 155,948
Charges for services					
Use of money and property	18,708	9,000		\$ 433	720
Other					
TOTAL REVENUES	1,704,209	832,559	55,427	433	156,668
EXPENDITURES					
Current:					
Public works					
Community development				2,000	
Parks and recreation					
Debt Service:					
Principal					
Interest and other charges					
Capital outlay					
TOTAL EXPENDITURES				2,000	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,704,209	832,559	55,427	(1,567)	156,668
OTHER FINANCING SOURCES (USES)					
Transfers in		33,531	2,924		
Transfers out	(1,342,723)	(301,923)		(25)	(156,667)
TOTAL OTHER FINANCING SOURCES AND USES	(1,342,723)	(268,392)	2,924	(25)	(156,667)
NET CHANGE IN FUND BALANCES	361,486	564,167	58,351	(1,592)	1
Fund balances, beginning of year	1,259,489	167,925	(58,351)	6,504	4,608
FUND BALANCES, END OF YEAR	\$ 1,620,975	\$ 732,092	\$ -	\$ 4,912	\$ 4,609

SPECIAL REVENUE FUNDS

<u>La Vigne Landscape and Lighting</u>	<u>La Vigne Open Space</u>	<u>Newell Park Open Space</u>	<u>State and Federal Grants - Fire</u>	<u>Zero Water Footprint</u>	<u>Cannabis</u>	<u>Community Facilities District</u>	<u>Total Other Governmental Special Revenue Funds</u>
							\$ 1,685,501
\$ 582,655						\$ 54,893	637,548
		\$ 100,000					100,000
							1,034,934
				\$ 33,059			33,059
48,392	\$ 3,723	7,926		5,435	\$ (95)	372	94,614
10,000							10,000
<u>641,047</u>	<u>3,723</u>	<u>107,926</u>		<u>38,494</u>	<u>(95)</u>	<u>55,265</u>	<u>3,595,656</u>
486,253				147,802		5,367	639,422
					7,324		9,324
	3,106	4,969					8,075
<u>486,253</u>	<u>3,106</u>	<u>4,969</u>		<u>147,802</u>	<u>7,324</u>	<u>5,367</u>	<u>656,821</u>
154,794	617	102,957		(109,308)	(7,419)	49,898	2,938,835
							36,455
						(22,524)	(1,823,862)
						(22,524)	(1,787,407)
154,794	617	102,957		(109,308)	(7,419)	27,374	1,151,428
2,315,694	180,635	137,406	\$ 5,891	347,108	(2,938)		4,363,971
<u>\$ 2,470,488</u>	<u>\$ 181,252</u>	<u>\$ 240,363</u>	<u>\$ 5,891</u>	<u>\$ 237,800</u>	<u>\$ (10,357)</u>	<u>\$ 27,374</u>	<u>\$ 5,515,399</u>

Continued

CITY OF AMERICAN CANYON
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2020

CAPITAL PROJECTS FUNDS

	<u>Fire Mitigation</u>	<u>Park Improvement</u>	<u>Traffic Impact</u>	<u>Infrastructure</u>	<u>City Capital Projects</u>
REVENUES					
Sales taxes					
Special assessments					
Licenses and permits					
Intergovernmental					
Charges for services	\$ 604,249	\$ 3,114	\$ 1,823,381		
Use of money and property	22,074	25,509	87,688	\$ 3,718	
Other					
TOTAL REVENUES	<u>626,323</u>	<u>28,623</u>	<u>1,911,069</u>	<u>3,718</u>	
EXPENDITURES					
Current:					
Public works			1,048,321		
Community development					
Parks and recreation					
Debt Service:					
Principal					
Interest and other charges					
Capital outlay					\$ 2,642,366
TOTAL EXPENDITURES			<u>1,048,321</u>		<u>2,642,366</u>
EXCESS (DEFICIENCY) OF REVENUES OVER					
EXPENDITURES	<u>626,323</u>	<u>28,623</u>	<u>862,748</u>	<u>3,718</u>	<u>(2,642,366)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in					2,678,822
Transfers out	(500,000)		(795,906)		(36,455)
TOTAL OTHER FINANCING SOURCES AND USES	<u>(500,000)</u>		<u>(795,906)</u>		<u>2,642,367</u>
NET CHANGE IN FUND BALANCES	126,323	28,623	66,842	3,718	1
Fund balances, beginning of year	876,197	1,231,056	3,740,287	318,831	219,436
FUND BALANCES, END OF YEAR	<u>\$ 1,002,520</u>	<u>\$ 1,259,679</u>	<u>\$ 3,807,129</u>	<u>\$ 322,549</u>	<u>\$ 219,437</u>

CAPITAL PROJECTS FUNDS		DEBT SERVICE FUNDS			
Civic Facilities Capital Projects	Total Other Governmental Capital Projects Funds	Lease Revenue Bonds	Cabernet Village Lease	Total Other Governmental Debt Service Funds	Total Other Governmental Funds
					\$ 1,685,501
					637,548
					100,000
					1,034,934
\$ 284,855	\$ 2,715,599				2,748,658
32,374	171,363	\$ (1,128)		\$ (1,128)	264,849
					10,000
<u>317,229</u>	<u>2,886,962</u>	<u>(1,128)</u>		<u>(1,128)</u>	<u>6,481,490</u>
	1,048,321				1,687,743
					9,324
					8,075
		273,000	\$ 265,000	538,000	538,000
		13,977	208,159	222,136	222,136
	2,642,366				2,642,366
	<u>3,690,687</u>	<u>286,977</u>	<u>473,159</u>	<u>760,136</u>	<u>5,107,644</u>
317,229	(803,725)	(288,105)	(473,159)	(761,264)	1,373,846
	2,678,822	286,977	473,159	760,136	3,475,413
(286,977)	(1,619,338)				(3,443,200)
(286,977)	1,059,484	286,977	473,159	760,136	32,213
30,252	255,759	(1,128)		(1,128)	1,406,059
1,422,886	7,808,693				12,172,664
<u>\$ 1,453,138</u>	<u>\$ 8,064,452</u>	<u>\$ (1,128)</u>	<u>\$ -</u>	<u>\$ (1,128)</u>	<u>\$ 13,578,723</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Measure T- Streets and Roads
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Sales taxes	\$ 1,412,000	\$ 1,412,000	\$ 1,685,501	\$ 273,501
Use of money and property			18,708	18,708
TOTAL REVENUES	<u>1,412,000</u>	<u>1,412,000</u>	<u>1,704,209</u>	<u>292,209</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>1,412,000</u>	<u>1,412,000</u>	<u>1,704,209</u>	<u>292,209</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,942,591)	(2,942,591)	(1,342,723)	1,599,868
TOTAL OTHER FINANCING SOURCES AND USES	<u>(2,942,591)</u>	<u>(2,942,591)</u>	<u>(1,342,723)</u>	<u>1,599,868</u>
NET CHANGE IN FUND BALANCE	(1,530,591)	(1,530,591)	361,486	1,892,077
Fund balance, beginning of year	<u>1,259,489</u>	<u>1,259,489</u>	<u>1,259,489</u>	
FUND BALANCE, END OF YEAR	<u>\$ (271,102)</u>	<u>\$ (271,102)</u>	<u>\$ 1,620,975</u>	<u>\$ 1,892,077</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 883,410	\$ 883,410	\$ 823,559	\$ (59,851)
Use of money and property	2,000	2,000	9,000	7,000
TOTAL REVENUES	<u>885,410</u>	<u>885,410</u>	<u>832,559</u>	<u>(52,851)</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>885,410</u>	<u>885,410</u>	<u>832,559</u>	<u>(52,851)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			33,531	(33,531)
Transfers out	(848,650)	(848,650)	(301,923)	546,727
TOTAL OTHER FINANCING SOURCES AND USES	<u>(848,650)</u>	<u>(848,650)</u>	<u>(268,392)</u>	<u>513,196</u>
NET CHANGE IN FUND BALANCE	36,760	36,760	564,167	527,407
Fund balance, beginning of year	<u>167,925</u>	<u>167,925</u>	<u>167,925</u>	
FUND BALANCE, END OF YEAR	<u>\$ 204,685</u>	<u>\$ 204,685</u>	<u>\$ 732,092</u>	<u>\$ 527,407</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Transportation Fund for Clean Air
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 37,512	\$ 37,512	\$ 55,427	\$ 17,915
TOTAL REVENUES	<u>37,512</u>	<u>37,512</u>	<u>55,427</u>	<u>17,915</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>37,512</u>	<u>37,512</u>	<u>55,427</u>	<u>17,915</u>
OTHER FINANCING SOURCES (USES)				
Transfers in			2,924	2,924
Transfers out	(37,512)	(37,512)		37,512
TOTAL OTHER FINANCING SOURCES AND USES	<u>(37,512)</u>	<u>(37,512)</u>	<u>2,924</u>	<u>40,436</u>
NET CHANGE IN FUND BALANCE			58,351	58,351
Fund balance, beginning of year	(58,351)	(58,351)	(58,351)	
FUND BALANCE, END OF YEAR	<u>\$ (58,351)</u>	<u>\$ (58,351)</u>	<u>\$ -</u>	<u>\$ 58,351</u>

CITY OF AMERICAN CANYON
Budget and Actual (with Variances)
BEGIN Program
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Investment earnings			\$ 433	\$ 433
TOTAL REVENUES			433	433
EXPENDITURES				
Community development	\$ 97,555	\$ 97,555	2,000	95,555
TOTAL EXPENDITURES	97,555	97,555	2,000	95,555
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(97,555)	(97,555)	(1,567)	95,988
OTHER FINANCING SOURCES (USES)				
Transfers out			(25)	25
TOTAL OTHER FINANCING SOURCES AND USES			(25)	25
NET CHANGE IN FUND BALANCE	(97,555)	(97,555)	(1,592)	(95,963)
Fund balance, beginning of year	6,504	6,504	6,504	
FUND BALANCE, END OF YEAR	\$ (91,051)	\$ (91,051)	\$ 4,912	\$ (95,963)

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, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 155,948	\$ 15,948
Use of money and property	1,500	1,500	720	(780)
TOTAL REVENUES	<u>141,500</u>	<u>141,500</u>	<u>156,668</u>	<u>15,168</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>141,500</u>	<u>141,500</u>	<u>156,668</u>	<u>15,168</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(140,000)	(140,000)	(156,667)	(16,667)
TOTAL OTHER FINANCING SOURCES AND USES	<u>(140,000)</u>	<u>(140,000)</u>	<u>(156,667)</u>	<u>(16,667)</u>
NET CHANGE IN FUND BALANCE	1,500	1,500	1	(1,499)
Fund balance, beginning of year	<u>4,608</u>	<u>4,608</u>	<u>4,608</u>	
FUND BALANCE, END OF YEAR	<u>\$ 6,108</u>	<u>\$ 6,108</u>	<u>\$ 4,609</u>	<u>\$ (1,499)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
La Vigne Landscape and Lighting
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Special assessments	\$ 583,304	\$ 583,304	\$ 582,655	\$ (649)
Use of money and property			48,392	48,392
Other			10,000	10,000
TOTAL REVENUES	<u>583,304</u>	<u>583,304</u>	<u>641,047</u>	<u>57,743</u>
EXPENDITURES				
Current:				
Public works	756,752	756,752	486,253	270,499
TOTAL EXPENDITURES	<u>756,752</u>	<u>756,752</u>	<u>486,253</u>	<u>270,499</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(173,448)</u>	<u>(173,448)</u>	<u>154,794</u>	<u>328,242</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(215,000)	(215,000)		215,000
TOTAL OTHER FINANCING SOURCES AND USES	<u>(215,000)</u>	<u>(215,000)</u>		<u>215,000</u>
NET CHANGE IN FUND BALANCE	(388,448)	(388,448)	154,794	543,242
Fund balance, beginning of year	<u>2,315,694</u>	<u>2,315,694</u>	<u>2,315,694</u>	
FUND BALANCE, END OF YEAR	<u>\$ 1,927,246</u>	<u>\$ 1,927,246</u>	<u>\$ 2,470,488</u>	<u>\$ 543,242</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
La Vigne Open Space
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Use of money and property			\$ 3,723	\$ 3,723
TOTAL REVENUES			3,723	3,723
EXPENDITURES				
Current:				
Parks and recreation	\$ 5,500	\$ 5,500	3,106	2,394
TOTAL EXPENDITURES	5,500	5,500	3,106	2,394
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,500)	(5,500)	617	6,117
NET CHANGE IN FUND BALANCE	(5,500)	(5,500)	617	6,117
Fund balance, beginning of year	180,635	180,635	180,635	
FUND BALANCE, END OF YEAR	\$ 175,135	\$ 175,135	\$ 181,252	\$ 6,117

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Newell Park Open Space
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits			\$ 100,000	\$ 100,000
Use of money and property	\$ 9,600	\$ 9,600	7,926	(1,674)
TOTAL REVENUES	<u>9,600</u>	<u>9,600</u>	<u>107,926</u>	<u>98,326</u>
EXPENDITURES				
Current:				
Parks and recreation	42,200	42,200	4,969	37,231
TOTAL EXPENDITURES	<u>42,200</u>	<u>42,200</u>	<u>4,969</u>	<u>37,231</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(32,600)</u>	<u>(32,600)</u>	<u>102,957</u>	<u>135,557</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	25,000	25,000		(25,000)
TOTAL OTHER FINANCING SOURCES AND USES	<u>25,000</u>	<u>25,000</u>		<u>(25,000)</u>
NET CHANGE IN FUND BALANCE	(7,600)	(7,600)	102,957	110,557
Fund balance, beginning of year	<u>137,406</u>	<u>137,406</u>	<u>137,406</u>	
FUND BALANCE, END OF YEAR	<u>\$ 129,806</u>	<u>\$ 129,806</u>	<u>\$ 240,363</u>	<u>\$ 110,557</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Zero Water Footprint
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 578,000	\$ 578,000	\$ 33,059	\$ (544,941)
Use of money and property			5,435	5,435
TOTAL REVENUES	<u>578,000</u>	<u>578,000</u>	<u>38,494</u>	<u>(539,506)</u>
EXPENDITURES				
Current:				
Public works			147,802	(147,802)
TOTAL EXPENDITURES			<u>147,802</u>	<u>(147,802)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>578,000</u>	<u>578,000</u>	<u>(109,308)</u>	<u>(687,308)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(428,714)	(428,714)		428,714
TOTAL OTHER FINANCING SOURCES AND USES	<u>(428,714)</u>	<u>(428,714)</u>		<u>428,714</u>
NET CHANGE IN FUND BALANCE	149,286	149,286	(109,308)	(258,594)
Fund balance, beginning of year	<u>347,108</u>	<u>347,108</u>	<u>347,108</u>	
FUND BALANCE, END OF YEAR	<u>\$ 496,394</u>	<u>\$ 496,394</u>	<u>\$ 237,800</u>	<u>\$ (258,594)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Cannabis
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Licenses and permits	\$ 98,000	\$ 98,000		\$ (98,000)
Use of money and property			\$ (95)	(95)
TOTAL REVENUES	<u>98,000</u>	<u>98,000</u>	<u>(95)</u>	<u>(98,095)</u>
EXPENDITURES				
Current:				
Community development	60,000	60,000	7,324	52,676
TOTAL EXPENDITURES	<u>60,000</u>	<u>60,000</u>	<u>7,324</u>	<u>52,676</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>38,000</u>	<u>38,000</u>	<u>(7,419)</u>	<u>(45,419)</u>
Proceeds from sale of capital assets	38,000	38,000	(7,419)	(45,419)
NET CHANGE IN FUND BALANCE	<u>(2,938)</u>	<u>(2,938)</u>	<u>(2,938)</u>	
Fund balance, beginning of year				
	<u>\$ 35,062</u>	<u>\$ 35,062</u>	<u>\$ (10,357)</u>	<u>\$ (45,419)</u>
FUND BALANCE, END OF YEAR				

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Community Facilities District
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Special assessments	\$ 850,000	\$ 850,000	\$ 54,893	\$ (795,107)
Use of money and property			372	372
TOTAL REVENUES	<u>850,000</u>	<u>850,000</u>	<u>55,265</u>	<u>(794,735)</u>
EXPENDITURES				
Current:				
Public works	600,000	600,000	5,367	594,633
TOTAL EXPENDITURES	<u>600,000</u>	<u>600,000</u>	<u>5,367</u>	<u>594,633</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>250,000</u>	<u>250,000</u>	<u>49,898</u>	<u>(200,102)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term debt	15,000,000	15,000,000		15,000,000
Transfers out	(10,000,000)	(10,000,000)	(22,524)	9,977,476
TOTAL OTHER FINANCING SOURCES AND USES	<u>(10,000,000)</u>	<u>(10,000,000)</u>	<u>(22,524)</u>	<u>9,977,476</u>
NET CHANGE IN FUND BALANCE	(9,750,000)	(9,750,000)	27,374	9,777,374
Fund balance, beginning of year				
FUND BALANCE, END OF YEAR	<u>\$ (9,750,000)</u>	<u>\$ (9,750,000)</u>	<u>\$ 27,374</u>	<u>\$ 9,777,374</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Fire Mitigation
For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Charges for services	\$ 429,400	\$ 429,400	\$ 604,249	\$ 174,849
Use of money and property	5,035	5,035	22,074	17,039
TOTAL REVENUES	<u>434,435</u>	<u>434,435</u>	<u>626,323</u>	<u>191,888</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>434,435</u>	<u>434,435</u>	<u>626,323</u>	<u>191,888</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(500,000)	(500,000)	(500,000)	
TOTAL OTHER FINANCING SOURCES AND USES	<u>(500,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>	
NET CHANGE IN FUND BALANCE	(65,565)	(65,565)	126,323	191,888
Fund balance, beginning of year	<u>876,197</u>	<u>876,197</u>	<u>876,197</u>	
FUND BALANCE, END OF YEAR	<u>\$ 810,632</u>	<u>\$ 810,632</u>	<u>\$ 1,002,520</u>	<u>\$ 191,888</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Charges for services	\$ 782,475	\$ 782,475	\$ 3,114	\$ (779,361)
Use of money and property	15,000	15,000	25,509	10,509
TOTAL REVENUES	<u>797,475</u>	<u>797,475</u>	<u>28,623</u>	<u>(768,852)</u>
EXCESS (DEFICIENCY) OF				
REVENUES OVER EXPENDITURES	<u>797,475</u>	<u>797,475</u>	<u>28,623</u>	<u>(768,852)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(160,026)	(160,026)		160,026
TOTAL OTHER FINANCING SOURCES AND USES	<u>(160,026)</u>	<u>(160,026)</u>		<u>160,026</u>
NET CHANGE IN FUND BALANCE	637,449	637,449	28,623	(608,826)
Fund balance, beginning of year	<u>1,231,056</u>	<u>1,231,056</u>	<u>1,231,056</u>	
FUND BALANCE, END OF YEAR	<u>\$ 1,868,505</u>	<u>\$ 1,868,505</u>	<u>\$ 1,259,679</u>	<u>\$ (608,826)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Traffic Impact
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for services	\$ 2,499,162	\$ 2,499,162	\$ 1,823,381	\$ (675,781)
Use of money and property	66,000	66,000	87,688	21,688
TOTAL REVENUES	<u>2,565,162</u>	<u>2,565,162</u>	<u>1,911,069</u>	<u>(654,093)</u>
EXPENDITURES				
Current:				
Public works	250,000	1,050,000	1,048,321	1,679
TOTAL EXPENDITURES	<u>250,000</u>	<u>1,050,000</u>	<u>1,048,321</u>	<u>1,679</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,315,162</u>	<u>1,515,162</u>	<u>862,748</u>	<u>(652,414)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,340,985)	(3,490,985)	(795,906)	2,695,079
TOTAL OTHER FINANCING SOURCES AND USES	<u>(3,340,985)</u>	<u>(3,490,985)</u>	<u>(795,906)</u>	<u>2,695,079</u>
NET CHANGE IN FUND BALANCE	(1,025,823)	(1,975,823)	66,842	2,042,665
Fund balance, beginning of year	<u>3,740,287</u>	<u>3,740,287</u>	<u>3,740,287</u>	
FUND BALANCE, END OF YEAR	<u>\$ 2,714,464</u>	<u>\$ 1,764,464</u>	<u>\$ 3,807,129</u>	<u>\$ 2,042,665</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Infrastructure
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property	\$ 6,200	\$ 6,200	\$ 3,718	\$ (2,482)
TOTAL REVENUES	<u>6,200</u>	<u>6,200</u>	<u>3,718</u>	<u>(2,482)</u>
EXPENDITURES				
Capital outlay	324,641	324,641		324,641
TOTAL EXPENDITURES	<u>324,641</u>	<u>324,641</u>		<u>324,641</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(318,441)</u>	<u>(318,441)</u>	<u>3,718</u>	<u>322,159</u>
NET CHANGE IN FUND BALANCE	(318,441)	(318,441)	3,718	322,159
Fund balance, beginning of year	<u>318,831</u>	<u>318,831</u>	<u>318,831</u>	
FUND BALANCE, END OF YEAR	<u>\$ 390</u>	<u>\$ 390</u>	<u>\$ 322,549</u>	<u>\$ 322,159</u>

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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
EXPENDITURES				
Capital outlay	\$ 26,913,234	\$ 27,084,874	\$ 2,642,366	\$ 24,442,508
TOTAL EXPENDITURES	<u>26,913,234</u>	<u>27,084,874</u>	<u>2,642,366</u>	<u>24,442,508</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(26,913,234)</u>	<u>(27,084,874)</u>	<u>(2,642,366)</u>	<u>24,442,508</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	26,913,234	27,084,874	2,678,822	(24,406,052)
Transfers out			(36,455)	(36,455)
TOTAL OTHER FINANCING SOURCES AND USES	<u>26,913,234</u>	<u>27,084,874</u>	<u>2,642,367</u>	<u>(24,442,507)</u>
NET CHANGE IN FUND BALANCE			1	1
Fund balance, beginning of year	<u>219,436</u>	<u>219,436</u>	<u>219,436</u>	
FUND BALANCE, END OF YEAR	<u>\$ 219,436</u>	<u>\$ 219,436</u>	<u>\$ 219,437</u>	<u>\$ 1</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, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Charges for services	\$ 541,970	\$ 541,970	\$ 284,855	\$ (257,115)
Use of money and property	12,000	12,000	32,374	20,374
TOTAL REVENUES	<u>553,970</u>	<u>553,970</u>	<u>317,229</u>	<u>(236,741)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>553,970</u>	<u>553,970</u>	<u>317,229</u>	<u>(236,741)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(287,300)	(287,300)	(286,977)	323
TOTAL OTHER FINANCING SOURCES AND USES	<u>(287,300)</u>	<u>(287,300)</u>	<u>(286,977)</u>	<u>323</u>
NET CHANGE IN FUND BALANCE	266,670	266,670	30,252	(236,418)
Fund balance, beginning of year	<u>1,422,886</u>	<u>1,422,886</u>	<u>1,422,886</u>	
FUND BALANCE, END OF YEAR	<u>\$ 1,689,556</u>	<u>\$ 1,689,556</u>	<u>\$ 1,453,138</u>	<u>\$ (236,418)</u>

CITY OF AMERICAN CANYON
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Lease Revenue Bonds
For the year ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Use of money and property			\$ (1,128)	\$ (1,128)
TOTAL REVENUES			(1,128)	(1,128)
EXPENDITURES				
Debt service:				
Principal	\$ 273,000	\$ 273,000	273,000	
Interest and other charges	14,300	14,300	13,977	323
TOTAL EXPENDITURES	287,300	287,300	286,977	323
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(287,300)	(287,300)	(288,105)	(805)
OTHER FINANCING SOURCES (USES)				
Transfers in	287,300	287,300	286,977	(323)
TOTAL OTHER FINANCING SOURCES AND USES	287,300	287,300	286,977	(323)
NET CHANGE IN FUND BALANCE			(1,128)	(1,128)
Fund balance, beginning of year				
FUND BALANCE, END OF YEAR	\$ -	\$ -	\$ (1,128)	\$ (1,128)

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS

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

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

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

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

CITY OF AMERICAN CANYON
Combining Statement of Net Position
Internal Service Funds
June 30, 2020

	Building Maintenance	Fleet	Information Technology	Total Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ 119,081	\$ 159,809	\$ 176,744	\$ 455,634
Accounts receivable, net		140,847		140,847
Interest receivable	587	866	888	2,341
Prepaid expenses	234	234	23	491
Total current assets	<u>119,902</u>	<u>301,756</u>	<u>177,655</u>	<u>599,313</u>
Non-current assets:				
Capital Assets:				
Depreciable, net of accumulated depreciation		633,507		633,507
Total non-current assets		<u>633,507</u>		<u>633,507</u>
TOTAL ASSETS	<u>119,902</u>	<u>935,263</u>	<u>177,655</u>	<u>1,232,820</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension plan	29,518	31,991	4,834	66,343
OPEB plan	16,310	17,360	1,390	35,060
Total deferred outflows of resources	<u>45,828</u>	<u>49,351</u>	<u>6,224</u>	<u>101,403</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	19,368	6,181	20,799	46,348
Accrued expenses	24	24	2	50
Compensated absences, current portion	6,449	11,890		18,339
Bonds, notes and loans payable, current portion		32,709		32,709
Total current liabilities	<u>25,841</u>	<u>50,804</u>	<u>20,801</u>	<u>97,446</u>
Non-current liabilities:				
Bonds, notes and loans payable		102,780		102,780
Net pension liability	105,893	114,765	17,344	238,002
Net OPEB liability	44,049	49,114	4,200	97,363
Total non-current liabilities	<u>149,942</u>	<u>266,659</u>	<u>21,544</u>	<u>438,145</u>
TOTAL LIABILITIES	<u>175,783</u>	<u>317,463</u>	<u>42,345</u>	<u>535,591</u>
DEFERRED INFLOW OF RESOURCES				
Pension plan	5,802	6,288	950	13,040
OPEB plan	4,463	4,463	381	9,307
Total deferred inflows of resources	<u>10,265</u>	<u>10,751</u>	<u>1,331</u>	<u>22,347</u>
NET POSITION				
Net investment in capital assets		498,018		498,018
Unrestricted	(20,318)	158,382	140,203	278,267
TOTAL NET POSITION	<u>\$ (20,318)</u>	<u>\$ 656,400</u>	<u>\$ 140,203</u>	<u>\$ 776,285</u>

CITY OF AMERICAN CANYON
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2020

	Building Maintenance	Fleet	Information Technology	Total Internal Service Funds
REVENUES				
Charges for services	\$ 250,000	\$ 101,100	\$ 225,000	\$ 576,100
TOTAL OPERATING REVENUES	<u>250,000</u>	<u>101,100</u>	<u>225,000</u>	<u>576,100</u>
OPERATING EXPENSES				
Employee services	148,153	165,812	26,725	340,690
Maintenance and operations	233,439	281,163	440,398	955,000
Depreciation		213,039		213,039
TOTAL OPERATING EXPENSES	<u>381,592</u>	<u>660,014</u>	<u>467,123</u>	<u>1,508,729</u>
OPERATING INCOME (LOSS)	<u>(131,592)</u>	<u>(558,914)</u>	<u>(242,123)</u>	<u>(932,629)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	4,084	7,544	6,734	18,362
Other revenue		212,201		212,201
Interest expense		(4,952)		(4,952)
Gain (loss) on disposal of capital assets		(9,785)		(9,785)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>4,084</u>	<u>205,008</u>	<u>6,734</u>	<u>215,826</u>
CHANGE IN NET POSITION	<u>(127,508)</u>	<u>(353,906)</u>	<u>(235,389)</u>	<u>(716,803)</u>
Net position, beginning of year	<u>107,190</u>	<u>1,010,306</u>	<u>375,592</u>	<u>1,493,088</u>
TOTAL NET POSITION, END OF YEAR	<u>\$ (20,318)</u>	<u>\$ 656,400</u>	<u>\$ 140,203</u>	<u>\$ 776,285</u>

CITY OF AMERICAN CANYON
Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	Building Maintenance	Fleet	Information Technology	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash paid to suppliers	\$ (224,662)	\$ (280,069)	\$ (426,878)	\$ (931,609)
Cash paid to employees and related benefits	(133,777)	(148,526)	(28,426)	(310,729)
Cash received from interfund services provided	250,000	101,100	225,000	576,100
CASH USED BY OPERATING ACTIVITIES	<u>(108,439)</u>	<u>(327,495)</u>	<u>(230,304)</u>	<u>(666,238)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Other revenues received		(134,503)		(134,503)
CASH USED FOR NONCAPITAL AND RELATED FINANCING ACTIVITIES		<u>(134,503)</u>		<u>(134,503)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital assets purchased		(76,189)		(76,189)
Proceeds from disposal of capital assets		55,647		55,647
Principal paid on long-term liabilities		(31,806)		(31,806)
Interest paid on long-term liabilities		(4,952)		(4,952)
Other revenues received		212,201		212,201
CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES		<u>154,901</u>		<u>154,901</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Collection of interest and investment revenue	4,875	9,721	8,375	22,971
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(103,564)	(297,376)	(221,929)	(622,869)
Cash and cash equivalents, beginning of year	222,645	457,185	398,673	1,078,503
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 119,081</u>	<u>\$ 159,809</u>	<u>\$ 176,744</u>	<u>\$ 455,634</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ (131,592)	\$ (558,914)	\$ (242,123)	\$ (932,629)
Adjustments to reconcile operating income (loss) to cash provided (used) by operating activities:				
Depreciation and amortization		213,039		213,039
Changes in operating assets and liabilities:				
Prepaid expenses	(70)	(70)	(9)	(149)
Accounts payable and accrued expenses	8,847	1,164	13,529	23,540
Compensated absences	2,083	484	(1,425)	1,142
Changes in pension and OPEB liabilities and related deferred outflows and inflows of resources:				
Deferred outflows of resources - pension plan	(727)	5,453	396	5,122
Net pension liability	15,795	16,106	1,257	33,158
Deferred inflows of resources - pension plan	(3,717)	(5,569)	(2,013)	(11,299)
Deferred outflows of resources - OPEB plans	(9,777)	(9,777)	(814)	(20,368)
Net OPEB liability	7,116	7,116	593	14,825
Deferred inflows of resources - OPEB plans	3,603	3,473	305	7,381
CASH USED BY OPERATING ACTIVITIES	<u>\$ (108,439)</u>	<u>\$ (327,495)</u>	<u>\$ (230,304)</u>	<u>\$ (666,238)</u>

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

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AGENCY FUNDS

AGENCY FUNDS

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

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

Community Facilities District – The District was formed to account for the Community Facilities District No. 2018-1 (Green Island Road Project) Special Tax Bonds, Series 2020 debt service and maintenance expenses of the Green Island Road Community Facilities District. The bonds are secured by special assessments levied against commercial properties within the District.

Tourism Improvement District – The District was formed to account for the local share of a 2% annual assessment on room rental revenue at lodging businesses through June 16, 2025 that is used for marketing programs, special event sponsorship and other programs to benefit lodging businesses paying the assessment by attracting overnight visitors.

CITY OF AMERICAN CANYON
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
<u>American Canyon Road East Assessment District</u>				
<u>Assets</u>				
Cash and investments	\$ 441,858	\$ 579,963		\$ 1,021,821
Restricted cash and investments	880,098		\$ (554,813)	325,285
Taxes receivable	4,492	1,489		5,981
Interest receivable	1,648	1,566		3,214
TOTAL ASSETS	\$ 1,328,096	\$ 583,018	\$ (554,813)	\$ 1,356,301
<u>Liabilities</u>				
Agency obligations	\$ 1,328,096	\$ 28,205		\$ 1,356,301
TOTAL LIABILITIES	\$ 1,328,096	\$ 28,205	\$ -	\$ 1,356,301
<u>La Vigne Assessment District</u>				
<u>Assets</u>				
Cash and investments	\$ 1,074,685	\$ 74,058		\$ 1,148,743
Restricted cash and investments	306,163	6,355		312,518
Taxes receivable	4,969		\$ (279)	4,690
Interest receivable	6,207		(2,252)	3,955
TOTAL ASSETS	\$ 1,392,024	\$ 80,413	\$ (2,531)	\$ 1,469,906
<u>Liabilities</u>				
Agency obligations	\$ 1,392,024	\$ 77,882		\$ 1,469,906
TOTAL LIABILITIES	\$ 1,392,024	\$ 77,882	\$ -	\$ 1,469,906
<u>Community Facilities District</u>				
<u>Assets</u>				
Cash and investments		\$ 797,666		\$ 797,666
Restricted cash and investments		5,330,864		5,330,864
Taxes receivable		102,401		102,401
Interest receivable		2,720		2,720
TOTAL ASSETS	\$ -	\$ 6,233,651	\$ -	\$ 6,233,651
<u>Liabilities</u>				
Agency obligations		\$ 6,233,651		\$ 6,233,651
TOTAL LIABILITIES	\$ -	\$ 6,233,651	\$ -	\$ 6,233,651

CITY OF AMERICAN CANYON
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
<u>Tourism Improvement District</u>				
<u>Assets</u>				
Cash and investments		\$ 79,370		\$ 79,370
Accounts receivable		8,255		8,255
Interest receivable		305		305
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 87,930</u>	<u>\$ -</u>	<u>\$ 87,930</u>
<u>Liabilities</u>				
Accounts payable		\$ 8,454		\$ 8,454
Agency obligations		79,476		79,476
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 87,930</u>	<u>\$ -</u>	<u>\$ 87,930</u>
<u>Total Agency Funds</u>				
<u>Assets</u>				
Cash and investments	\$ 1,516,543	\$ 1,531,057		\$ 3,047,600
Restricted cash and investments	1,186,261	5,337,219	\$ (554,813)	5,968,667
Taxes receivable	9,461	103,890	(279)	113,072
Accounts receivable		8,255		8,255
Interest receivable	7,855	4,591	(2,252)	10,194
TOTAL ASSETS	<u>\$ 2,720,120</u>	<u>\$ 6,985,012</u>	<u>\$ (557,344)</u>	<u>\$ 9,147,788</u>
<u>Liabilities</u>				
Accounts payable		\$ 8,454		\$ 8,454
Agency obligations	\$ 2,720,120	6,419,214		9,139,334
TOTAL LIABILITIES	<u>\$ 2,720,120</u>	<u>\$ 6,427,668</u>	<u>\$ -</u>	<u>\$ 9,147,788</u>

STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

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

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future:

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

Demographic and Economic Information

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

15. Demographic and Economic Statistics
16. Principal Employers

Operating Information

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

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

Sources

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

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

	----- Prior Years -----									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net investment in capital assets	\$ 253,763,878	\$ 253,484,193	\$ 256,298,710	\$ 264,170,866	\$ 262,265,389	\$ 265,385,854	\$ 264,189,215	\$ 263,939,254	\$ 260,686,136	\$ 260,797,132
Restricted	5,545,510	13,585,903	12,513,568	12,856,505	13,031,111	13,009,697	13,908,483	24,809,820	27,372,270	29,356,751
Unrestricted	<u>27,430,671</u>	<u>12,415,149</u>	<u>9,050,617</u>	<u>10,950,108</u>	<u>2,513,594</u>	<u>2,076,005</u>	<u>2,454,460</u>	<u>(266,869)</u>	<u>1,057,568</u>	<u>(439,864)</u>
Total governmental activities net position	<u>\$ 286,740,059</u>	<u>\$ 279,485,245</u>	<u>\$ 277,862,895</u>	<u>\$ 287,977,479</u>	<u>\$ 277,810,094</u>	<u>\$ 280,471,556</u>	<u>\$ 280,552,158</u>	<u>\$ 288,482,205</u>	<u>\$ 289,115,974</u>	<u>\$ 289,714,019</u>
Business-type activities:										
Net investment in capital assets	\$ 47,246,749	\$ 50,758,608	\$ 49,583,193	\$ 52,726,436	\$ 51,267,144	\$ 50,662,110	\$ 49,753,722	\$ 49,496,148	\$ 49,791,720	\$ 48,481,165
Restricted	8,466,754	4,723,486	4,541,608	2,598,062	2,088,606	2,811,555	3,012,029	5,538,744	5,282,263	5,766,873
Unrestricted	<u>4,391,198</u>	<u>6,695,379</u>	<u>7,190,877</u>	<u>8,214,087</u>	<u>4,224,005</u>	<u>6,993,828</u>	<u>9,422,288</u>	<u>11,766,749</u>	<u>13,269,512</u>	<u>14,815,462</u>
Total business-type activities	<u>\$ 60,104,701</u>	<u>\$ 62,177,473</u>	<u>\$ 61,315,678</u>	<u>\$ 63,538,585</u>	<u>\$ 57,579,755</u>	<u>\$ 60,467,493</u>	<u>\$ 62,188,039</u>	<u>\$ 66,801,641</u>	<u>\$ 68,343,495</u>	<u>\$ 69,063,500</u>
Primary government (City wide totals)										
Net investment in capital assets	\$ 301,010,627	\$ 304,242,801	\$ 305,881,903	\$ 316,897,302	\$ 313,532,533	\$ 315,007,964	\$ 313,942,937	\$ 313,435,402	\$ 310,477,856	\$ 309,278,297
Restricted	14,012,264	18,309,389	17,055,176	15,454,567	15,119,717	15,821,252	16,920,512	30,348,564	32,654,533	35,123,624
Unrestricted	<u>31,821,869</u>	<u>19,110,528</u>	<u>16,241,494</u>	<u>19,164,195</u>	<u>6,737,599</u>	<u>9,069,833</u>	<u>11,876,748</u>	<u>11,499,880</u>	<u>14,327,080</u>	<u>14,375,598</u>
Total primary government net position	<u>\$ 346,844,760</u>	<u>\$ 341,662,718</u>	<u>\$ 339,178,573</u>	<u>\$ 351,516,064</u>	<u>\$ 335,389,849</u>	<u>\$ 339,899,049</u>	<u>\$ 342,740,197</u>	<u>\$ 355,283,846</u>	<u>\$ 357,459,469</u>	<u>\$ 358,777,519</u>

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

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

	----- Prior Years -----									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses:										
Governmental activities:										
General government	\$ 5,742,030	\$ 4,309,153	\$ 5,069,455	\$ 4,749,018	\$ 5,647,996	\$ 5,295,617	\$ 5,074,386	\$ 5,320,539	\$ 5,968,757	\$ 7,679,164
Public safety	8,995,695	9,147,931	9,456,173	10,001,059	10,585,106	12,125,365	11,620,139	12,218,637	12,342,182	13,572,574
Public works	5,000,879	5,358,661	4,654,492	5,304,938	6,509,082	6,131,623	5,221,293	6,019,309	7,936,947	6,779,915
Community development	1,922,780	8,903,969	1,295,309	1,601,943	2,383,201	2,782,954	5,282,633	2,483,945	2,513,656	1,700,509
Parks and recreation	1,962,488	1,745,163	2,067,811	2,328,669	2,503,744	2,924,419	3,625,019	3,844,214	3,439,644	2,895,566
Storm Drain	-	-	-	-	-	-	-	-	-	315,909
Interest on long-term debt	510,893	448,057	446,187	344,223	329,915	278,204	262,354	246,458	229,456	249,866
Total governmental activities expenses	24,134,765	29,912,934	22,989,427	24,329,850	27,959,044	29,538,182	31,085,824	30,133,102	32,430,642	33,193,503
Business-type activities:										
Water	\$ 6,020,578	\$ 4,894,501	\$ 5,502,434	\$ 6,191,545	\$ 7,350,323	\$ 5,362,693	\$ 6,107,343	\$ 6,022,713	\$ 5,986,895	\$ 6,621,301
Wastewater	3,885,692	4,356,356	3,843,559	3,555,274	4,013,398	4,992,726	4,023,167	4,588,339	4,456,463	4,446,395
Total business-type activities expenses	9,906,270	9,250,857	9,345,993	9,746,819	11,363,721	10,355,419	10,130,510	10,611,052	10,443,358	11,067,696
Total City government expenses	\$ 34,041,035	\$ 39,163,791	\$ 32,335,420	\$ 34,076,669	\$ 39,322,765	\$ 39,893,601	\$ 41,216,334	\$ 40,744,154	\$ 42,874,000	\$ 44,261,199
Program Revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 365,857	\$ 212,295	\$ 184,060	\$ 484,057	\$ 534,179	\$ 636,987	\$ 724,671	\$ 900,185	\$ 599,289	\$ 769,362
Public safety	813,720	974,398	1,133,505	901,808	1,510,347	1,461,036	1,296,885	1,822,591	1,463,879	1,717,683
Public works	127,834	1,141,520	939,685	2,203,836	2,442,299	4,891,107	1,990,415	3,326,094	725,299	2,503,299
Community development	449,493	940,899	690,241	857,994	2,438,744	2,662,203	5,351,403	1,921,393	2,140,534	1,628,919
Parks and recreation	491,253	381,657	357,267	392,717	441,946	406,163	1,034,664	1,291,887	328,236	156,108
Operating grants and contributions	196,741	235,284	275,796	363,581	476,130	1,078,889	1,333,432	762,518	1,282,102	1,148,192
Capital grants and contributions	2,454,934	2,050,628	1,150,330	11,145,194	381,050	1,449,076	907,342	13,110,677	1,690,897	71,879
Total governmental activities program revenues	4,899,832	5,936,681	4,730,884	16,349,187	8,224,695	12,585,461	12,638,812	23,135,345	8,230,236	7,995,442
Business-type activities:										
Charges for services:										
Water	\$ 4,761,832	\$ 4,705,561	\$ 4,892,290	\$ 4,982,094	\$ 4,333,543	\$ 5,318,577	\$ 7,066,769	\$ 6,876,702	\$ 6,931,105	\$ 7,332,195
Wastewater	3,581,786	3,558,663	3,733,461	3,845,647	3,914,276	3,973,672	4,434,945	4,365,272	4,427,087	4,421,975
Operating grants and contributions	-	-	-	4,026	10,410	711,601	580,429	254,863	215,630	207,410
Capital grants and contributions	1,523,559	1,013,181	184,707	4,084,830	242,025	2,301,541	284,400	3,851,481	200,585	468,533
Total business-type activities programs revenues	9,867,177	9,277,405	8,810,458	12,916,597	8,500,254	12,305,391	12,366,543	15,348,318	11,774,407	12,430,113
Total City government program revenues	\$ 14,767,009	\$ 15,214,086	\$ 13,541,342	\$ 29,265,784	\$ 16,724,949	\$ 24,890,852	\$ 25,005,355	\$ 38,483,663	\$ 20,004,643	\$ 20,425,555

(Continued)

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

	----- Prior Years -----									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net(Expense)Revenue:										
Governmental activities	\$ (19,234,933)	\$ (23,976,253)	\$ (18,258,543)	\$ (7,980,663)	\$ (19,734,349)	\$ (16,952,721)	\$ (18,447,012)	\$ (6,997,757)	\$ (24,200,406)	\$ (25,198,061)
Business-type activities	(39,093)	26,548	(535,535)	3,169,778	(3,414,199)	1,949,972	2,236,033	4,737,266	1,331,049	1,362,417
Total City government	<u>\$ (19,274,026)</u>	<u>\$ (23,949,705)</u>	<u>\$ (18,794,078)</u>	<u>\$ (4,810,885)</u>	<u>\$ (23,148,548)</u>	<u>\$ (15,002,749)</u>	<u>\$ (16,210,979)</u>	<u>\$ (2,260,491)</u>	<u>\$ (22,869,357)</u>	<u>\$ (23,835,644)</u>
General Revenues and Other Changes in in Net Position:										
Governmental activities:										
Taxes:										
Property taxes	\$ 10,510,243	\$ 10,343,648	\$ 10,261,072	\$ 10,599,981	\$ 11,480,330	\$ 12,317,143	\$ 12,738,881	\$ 13,840,597	\$ 15,084,618	\$ 15,835,876
Sales taxes	2,705,763	2,024,495	2,489,832	2,294,150	2,358,219	2,589,452	2,301,445	2,800,575	4,222,888	3,891,032
Other taxes	1,330,655	2,215,564	2,632,783	2,785,624	3,002,106	3,076,637	3,076,198	3,197,726	3,179,812	2,542,370
Unrestricted grants and contributions	83,979	-	-	-	-	-	-	-	-	-
Investment earnings	307,741	274,619	143,321	227,702	272,849	372,728	(1,047)	15,200	1,172,806	1,353,014
Miscellaneous	129,688	875,336	111,822	485,625	300,765	524,995	543,725	616,199	568,578	777,427
Transfers	1,057,829	1,110,118	997,363	1,702,165	994,725	(266,772)	868,412	(15,450)	605,473	1,396,387
Total governmental activities	<u>16,125,898</u>	<u>16,843,780</u>	<u>16,636,193</u>	<u>18,095,247</u>	<u>18,408,994</u>	<u>18,614,183</u>	<u>19,527,614</u>	<u>20,454,847</u>	<u>24,834,175</u>	<u>25,796,106</u>
Business-type activities										
Investment earnings and other		66,177	517,929	755,294	617,971	630,994	392,925	613,734	816,278	753,975
Transfers	(1,057,829)	(1,110,118)	(997,363)	(1,702,165)	(944,725)	266,772	(868,412)	15,450	(605,473)	(1,396,387)
Total business-type activities	<u>(1,057,829)</u>	<u>(1,043,941)</u>	<u>(479,434)</u>	<u>(946,871)</u>	<u>(326,754)</u>	<u>897,766</u>	<u>(475,487)</u>	<u>629,184</u>	<u>210,805</u>	<u>(642,412)</u>
Total City government	<u>\$ 15,068,069</u>	<u>\$ 15,799,839</u>	<u>\$ 16,156,759</u>	<u>\$ 17,148,376</u>	<u>\$ 18,082,240</u>	<u>\$ 19,511,949</u>	<u>\$ 19,052,127</u>	<u>\$ 21,084,031</u>	<u>\$ 25,044,980</u>	<u>\$ 25,153,694</u>
Change in net position:										
Governmental activities	\$ (3,109,035)	\$ (7,132,473)	\$ (1,622,350)	\$ 10,114,584	\$ (1,325,355)	\$ 1,661,462	\$ 1,080,602	\$ 13,457,090	\$ 633,769	\$ 598,045
Business-type activities	(1,096,922)	(1,017,393)	(1,014,969)	2,222,907	(3,876,163)	2,847,738	1,760,546	5,366,450	1,541,854	720,005
Total City government	<u>\$ (4,205,957)</u>	<u>\$ (8,149,866)</u>	<u>\$ (2,637,319)</u>	<u>\$ 12,337,491</u>	<u>\$ (5,201,518)</u>	<u>\$ 4,509,200</u>	<u>\$ 2,841,148</u>	<u>\$ 18,823,540</u>	<u>\$ 2,175,623</u>	<u>\$ 1,318,050</u>

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

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

Fiscal Year	General Fund						All Other Governmental Funds									Total All Other Governmental Funds
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Total General Fund	Nonspendable	Restricted		Committed	Assigned		Unassigned			
								Special Revenue and Debt Service	Capital Projects	Special Revenue	Special Revenue	Capital Projects	Special Revenue and Debt Service	Capital Projects		
2020	\$ 433,239	\$ 329,693	\$ 6,155,254	\$ 1,222,691	\$ 2,650,256	\$ 10,791,133	\$ 16,317	\$ 12,997,512	\$ 8,328,406	\$ 1,125,743	\$ 4,684,889	\$ -	\$ (462,069)	\$ -	26,690,798	
2019	426,935	350,225	6,021,464	1,222,691	2,337,950	10,359,265	-	11,801,060	7,808,693	-	5,871,283	-	(1,008,280)	(213,953)	24,258,803	
2018	563,295	115,106	1,903,925	1,222,500	4,752,357	8,557,183	688	3,420,345	7,813,712	-	5,974,310	-	(1,811,260)	(260,895)	15,136,900	
2017	687,237	141,751	6,117,954	1,201,941	215,304	8,364,187	688	2,456,754	4,869,873	1,347,000	3,848,526	-	(594,550)	(1,277,506)	10,650,785	
2016	909,462	89,269	5,859,953	1,491,026	1,548,892	9,898,602	688	2,393,720	5,096,773	1,347,000	3,459,116	552,760	(820,055)	(113,358)	11,916,644	
2015	2,644,665	75,883	1,476,370	777,418	6,107,104	11,081,440	589,041	2,390,604	5,876,113	1,347,000	2,815,904	-	(1,272,732)	(1,335,082)	10,410,848	
2014	2,467,641	69,535	1,461,807	872,295	5,970,052	10,841,330	553,448	2,235,092	6,088,807	1,347,000	2,411,746	-	(1,143,857)	(1,422,675)	10,069,561	
2013	3,112,160	61,228	1,494,771	1,026,588	4,899,474	10,594,221	552,760	1,587,471	5,944,172	1,347,000	1,011,763	-	1,612,299	(1,338,207)	10,717,258	
2012	3,073,931	37,527	1,449,532	1,110,230	4,560,773	10,231,993	552,755	3,135,456	6,806,475	1,387,400	103,000	-	2,482,445	(1,314,898)	13,152,633	
2011	2,366,735			2,709,975	4,233,589	9,310,299	552,760	3,307,876	7,394,711	-	-	-	3,758,213	(1,306,134)	13,707,426	

Prior Years

Note: GASB Statement Number 54 was implemented in the 2011 fiscal year which changed the terminology used for fund balance reporting.
Data Source: City of American Canyon Comprehensive Annual Financial Report.

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

	----- Prior Years -----									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Taxes	\$ 14,547	\$ 15,272	\$ 15,313	\$ 15,992	\$ 17,896	\$ 22,553	\$ 19,242	\$ 20,381	\$ 30,520	\$ 22,677
Special assessments	457	435	447	455	471	488	550	583	581	638
Fines and forfeitures	131	203	153	120	112	95	98	91	151	65
Licenses and permits	329	338	337	337	446	455	460	763	428	619
Intergovernmental	2,147	1,120	1,079	1,280	874	3,049	1,689	2,441	3,061	1,834
Charges for services	1,613	1,051	1,156	2,025	4,496	3,572	4,913	8,669	3,197	4,677
Other revenues	744	1,315	998	1,179	1,022	1,275	851	1,151	2,563	2,353
Total revenues	19,968	19,734	19,483	21,389	25,317	31,487	27,803	34,079	40,501	32,863
Expenditures:										
General government	5,004	3,670	3,896	4,066	5,064	5,111	5,237	5,084	5,645	5,648
Public safety	8,646	8,897	9,377	9,554	9,734	10,731	11,063	12,043	12,362	12,930
Comm. Dev. and Public Works	3,909	4,278	4,557	5,496	6,597	5,453	7,619	5,446	6,482	6,753
Parks and Recreation	1,934	1,597	1,073	1,192	2,202	2,665	3,615	3,445	3,215	1,847
Principal	463	478	502	537	560	583	606	628	583	538
Interest	511	488	460	394	373	314	291	268	243	222
Capital outlay	194	947	2,445	2,277	1,200	5,260	3,040	2,099	1,670	3,458
Total expenditures	20,661	20,355	22,310	23,516	25,730	30,117	31,471	29,013	30,200	31,396
Excess of revenues over (under) expenditures	(693)	(621)	(2,827)	(2,127)	(413)	1,370	(3,668)	5,066	10,301	1,467
Other Financing Sources(Uses)										
Proceeds from borrowing	-	-	2,222	-	-	-	-	-	-	-
Payments to escrow agent	-	-	(2,465)	-	-	-	-	-	-	-
Transfers in	3,609	4,028	4,065	5,447	3,742	9,050	5,403	4,289	5,207	6,177
Transfers out	(2,551)	(2,918)	(3,068)	(3,745)	(2,747)	(10,097)	(4,535)	(4,676)	(4,601)	(4,781)
Sale of Assets	-	-	-	24	-	-	-	-	18	-
Total other financing Sources(Uses)	1,058	1,110	754	1,726	995	(1,047)	868	(387)	623	1,396
Net change in fund balances	\$ 365	\$ 489	\$ (2,073)	\$ (401)	\$ 581	\$ 323	\$ (2,800)	\$ 4,679	\$ 10,924	\$ 2,863
Debt service as a percentage of noncapital expenditures	4.8%	5.0%	4.8%	4.4%	3.8%	3.6%	3.2%	3.3%	2.9%	2.7%

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

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

	Fiscal Year	Property Tax	Transient Occupancy Tax	Franchise Tax	Cardroom Admission Tax	Fire Assessment Fee	Total
Prior Years	2010-2011	\$ 10,510	\$ 663	\$ 547	\$ -	\$ 592	\$ 12,312
	2011-2012	10,314	930	585	-	590	12,419
	2012-2013	10,240	1,064	577	147	593	12,621
	2013-2014	10,569	1,249	618	261	588	13,285
	2014-2015	11,353	1,406	673	232	597	14,261
	2015-2016	12,348	1,509	722	168	607	15,354
	2016-2017	12,705	1,546	727	166	600	15,744
	2017-2018	13,807	1,593	738	201	614	16,953
	2018-2019	14,951	1,549	751	226	639	18,116
	2019-2020	15,721	1,141	785	175	659	18,481

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

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

Fiscal Year	Residential	Commercial	Industrial	Vacant Land	SBE Nonunitary	Possessory Int.	Unsecured	Other	Total	Total Direct Rate
2010-2011	\$ 1,435,443	\$ 136,599	\$ 410,527	\$ 36,245	\$ 1,226	\$ 15,844	\$ 121,972	\$ -	\$ 2,157,856	0.28%
2011-2012	1,406,792	138,176	365,259	37,857	1,454	16,023	168,278	79	2,133,918	0.28%
2012-2013	1,335,380	136,921	375,497	66,285	1,454	16,147	193,882	3,517	2,129,083	0.28%
2013-2014	1,398,763	144,912	404,835	63,139	42	16,449	201,968	3,588	2,233,696	0.28%
2014-2015	1,541,948	142,808	406,322	65,143	42	16,912	206,535	4,358	2,384,068	0.28%
2015-2016	1,724,766	143,476	413,039	59,632	42	17,265	196,671	14,027	2,568,918	0.28%
2016-2017	1,806,564	162,450	462,896	72,072	42	18,507	209,045	14,217	2,745,793	0.28%
2017-2018	1,952,312	179,425	518,566	61,512	42	18,909	176,326	4,457	2,911,549	0.27%
2018-2019	2,072,127	191,160	548,337	62,889	269	19,337	209,319	4,492	3,107,929	0.27%
2019-2020	2,158,339	196,080	624,597	66,973	269	20,075	252,546	4,584	3,323,463	0.27%

Prior Years

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 2010/11 - 2019/20 Combined Tax Rolls

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

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

<u>Agency</u>	----- Prior Years -----									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
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	0.017	0.025	0.025	0.027	0.026	0.026	0.025	0.024	0.024	0.021
Napa Valey Unified School District	0.061	0.073	0.065	0.072	0.069	0.063	0.114	0.102	0.098	0.090
Total Direct & Overlapping² Tax Rates	0.078	0.097	0.090	0.099	0.095	0.089	0.140	0.126	0.122	0.110
City's Share of 1% Levy per Prop 13³	0.296	0.296	0.296	0.296	0.296	0.296	0.296	0.296	0.292	0.292
Total Direct Rate⁴	0.282	0.281	0.277	0.276	0.276	0.276	0.276	0.274	0.275	0.271

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 2010/11 - 2019/20 Tax Rate Table

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**Schedule 8
City of American Canyon
2019/20 Top Ten Property Taxpayers
Based on Property Tax Revenue**

Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Revenue	% of Revenue	Parcels	Revenue	% of Revenue	Value	% of Revenue	
Coca Cola Company				2	\$ 192,285	20.80%	\$ 192,285	1.43%	Unsecured American Canyon Gen Fund
Barry Callebaut USA				1	190,333	20.59%	190,333	1.41%	Unsecured American Canyon Gen Fund
SDG Hanna Court 411 LLC	2	\$ 151,671	1.21%				151,671	1.12%	Industrial American Canyon Gen Fund
SRI Napa LLC ET AL	1	149,176	1.19%				149,176	1.11%	Residential American Canyon Gen Fund
RAR2 Napa Logistics Park LLC	1	124,817	0.99%				124,817	0.93%	Industrial American Canyon Gen Fund
Biagi and Associates LLC	1	119,972	0.95%	1	1,745	0.19%	121,717	0.90%	Industrial American Canyon Gen Fund
Mezzetta 125 LP	1	113,835	0.91%				113,835	0.84%	Industrial American Canyon Gen Fund
Sutter Home Winery	2	99,930	0.80%				99,930	0.74%	Residential American Canyon Gen Fund
Napa Junction Partners	1	93,073	0.74%				93,073	0.69%	Industrial American Canyon Gen Fund
SDG Lombard LLC	3	92,207	0.73%				92,207	0.68%	American Canyon Gen Fund
Top Ten Totals	12	944,682	7.52%	4	384,363	41.58%	1,329,044	9.85%	
City Totals		\$ 12,565,209			\$ 924,601		\$ 13,489,810		

*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 2019/20 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
2010/11 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	
American Canyon Beverages	1	\$ 196,193	2.28%	1	51,991	10.76%	\$ 248,184	2.73%	Industrial American Canyon Gen Fund
SDG Hanna Court 411 LLC	2	131,259	1.53%				131,259	1.44%	Residential American Canyon Gen Fund
Sutter Home Winery Inc	2	88,460	1.03%				88,460	0.97%	Industrial American Canyon Gen Fund
Scannell Properties 91 LLC	1	84,744	0.98%				84,744	0.93%	Industrial American Canyon Gen Fund
5500 Eucalyptus Drive Apartments	1	75,061	0.87%				75,061	0.83%	Commercial American Canyon Gen Fund
125 Mezzetta Court Inc	1	60,296	0.70%				60,296	0.66%	Unsecured American Canyon Gen Fund
Walmart Real Estate Business Trust	1	58,661	0.68%				58,661	0.65%	Industrial American Canyon Gen Fund
Mezzetta Court Ventures	1	31,399	0.36%	1	25,660	5.31%	57,059	0.63%	Commercial American Canyon Gen Fund
SDG Commerce 232 LLC	3	53,161	0.62%				53,161	0.58%	Industrial American Canyon Gen Fund
Butterfly Effects Hotels LLC	2	47,315	0.55%				47,315	0.52%	Commercial American Canyon Gen Fund
Top Ten Totals	15	826,548	9.60%	2	77,652	16.07%	904,200	9.95%	
City Totals		\$ 8,604,387			\$ 483,256		\$ 9,087,642		

*Revenue includes Outer TRAs

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

Data Source: Napa County Assessor 2010/11 Combined Tax Rolls and the SBE Non Unitary Tax Roll

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

	Fiscal Year Ended June 30	Taxes Levied For The Fiscal Year	Collected Within The Fiscal Year of The Levy	
			Amount	Percentage of Levy
----- Prior Years -----	2011	\$ 10,510,243	\$ 10,510,243	100%
	2012	10,343,648	10,343,648	100%
	2013	10,261,072	10,261,072	100%
	2014	10,599,981	10,599,981	100%
	2015	12,317,143	12,317,143	100%
	2016	12,738,881	12,317,143	100%
	2017	13,840,597	12,738,881	100%
	2018	15,084,618	13,840,597	100%
	2019	15,862,655	15,084,618	100%
	2020		15,862,655	100%

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

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

Fiscal Year	Governmental Activities				Business-type Activities		Total City Debt	Total City Debt as a Percentage of Personal Income	Total City Debt Per Capita
	General Obligation Bonds	Lease Revenue Bonds	Bank Financing	Capital Lease Obligations	Capital Lease Obligations	State of California and Other Loans			
2011	\$ -	\$ 2,660	\$ -	\$ 7,194	\$ 5,214	\$ 11,772	\$ 26,840	5.47%	\$ 1,355
2012	-	2,465	-	6,912	-	10,157	19,534	3.77%	983
2013	-	-	2,017	6,615	-	8,773	17,405	3.23%	870
2014	-	-	1,792	6,303	-	7,331	15,426	2.74%	772
2015	-	-	1,559	6,263	827	6,214	14,863	2.60%	731
2016	-	-	1,318	5,892	2,408	5,505	15,123	3.67%	735
2017	-	-	1,069	5,506	1,975	4,827	13,377	2.07%	637
2018	-	-	813	5,104	1,532	4,131	11,580	1.86%	552
2019	-	-	551	4,752	1,076	3,416	9,795	1.49%	475
2020	-	-	278	4,455	609	2,682	8,024	1.17%	385

----- Prior Years -----

Note: It was determined in 2019 that the City was inadvertently referring to a 2012 bank financing agreement as a Lease Revenue Bond. The name was changed and debt service payments were moved to a separate column accordingly. Data Source: City of American Canyon Comprehensive Annual Financial Report.

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Lease Revenue Bonds	Total		
2011	\$ -	\$ 2,660,000	\$ 2,660,000	0.12%	\$ 134
2012	-	2,465,000	2,465,000	0.12%	124
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-

----- Prior Years -----

Note: It was determined in 2019 that the City was inadvertently referring to a 2012 bank financing agreement as a Lease Revenue Bond. Amounts starting in 2013 were for this financing and were removed above.

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

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

Schedule 12
City of American Canyon
Computation of Direct and Overlapping Debt
As of June 30, 2020

2019-20 Assessed Valuation: \$3,323,463,102

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt 6/30/2020	% Applicable (1)	City's Share of Debt 6/30/2020
Napa Joint Community College District	\$ 89,759,699	7.870%	\$ 7,064,088
Napa Valley Unified School District	469,574,855	11.916%	55,954,540
American Canyon Green Island Road Community Facilities District	5,165,000	100.000%	5,165,000
City of American Canyon 1915 Act Bonds	15,305,800	100.000%	15,305,800
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			83,489,428
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
Napa County Certificates of Participation	\$ 14,255,000	7.939%	1,131,704
Napa County Board of Education Certificate of Participation	2,180,000	7.939%	173,070
Napa Valley Unified School District Certificates of Participation	2,710,000	11.916%	322,924
City of American Canyon Facilities Lease Financing	4,598,000	100.000%	4,598,000
City of American Canyon Equipment Financing	135,489	100.000%	135,489
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			6,361,187
TOTAL DIRECT DEBT			4,733,489
TOTAL OVERLAPPING DEBT			85,117,126
COMBINED TOTAL DEBT			\$ 89,850,615 (2)

Ratios to Assessed Valuation:

Total Direct Debt (\$4,733,489)	0.14%
Total Overlapping Tax and Assessment Debt.	2.56%
Combined Total Debt	2.70%

Data Source: California Municipal Statistics, Inc.

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

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

Fiscal Year	Assessed Value	Debt Limit	General Bonded Debt	Legal Debt Margin	Net Debt Margin
2011	\$ 2,157,856,501	\$ 80,919,619	\$ 2,660,000	\$ 78,259,619	3.29%
2012	2,133,917,840	80,021,919	2,465,000	77,556,919	3.08%
2013	2,129,083,162	79,840,619	-	79,840,619	0.00%
2014	2,233,695,851	83,763,594	-	83,763,594	0.00%
2015	2,384,068,041	89,402,552	-	89,402,552	0.00%
2016	2,568,918,377	96,334,439	-	96,334,439	0.00%
2017	2,745,793,523	102,967,257		102,967,257	0.00%
2018	2,911,549,010	109,183,088		109,183,088	0.00%
2019	3,107,928,907	116,547,334		116,547,334	0.00%
2020	3,323,463,102	124,629,866		124,629,866	0.00%

----- Prior Years -----

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%).

⁽²⁾ It was determined in 2019 that the City was inadvertently referring to a 2012 bank financing agreement as a Lease Revenue Bond. Amounts starting in 2013 were for this financing and were removed above.

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

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

Special Assessment Bonds

Fiscal Year	Special Assessment Collections	Capital Impact Fees	Debt Service		Coverage
			Principal	Interest	
2011	\$ 1,782,130	\$ -	\$ 540,000	\$ 1,120,650	1.07
2012	1,690,646	-	555,000	1,100,375	1.02
2013	1,744,914	-	575,000	1,078,666	1.06
2014	1,687,609	-	605,000	1,023,243	1.04
2015	1,701,083	-	680,600	978,177	1.03
2016	1,533,089	-	672,600	950,079	0.94
2017	1,512,432	-	702,800	921,059	0.93
2018	1,505,161	-	728,000	890,452	0.93
2019	1,508,336	-	767,900	1,076,068	0.82
2020	1,514,977	-	812,500	966,000	0.85

----- Prior Years -----

State of California Water Loan

	Water Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2011	\$ 4,761,832	\$ 1,461,935	\$ 3,532,662	\$ 2,691,105	\$ 53,642	\$ 28,646	32.70
2012	4,744,183	1,007,276	3,174,917	2,576,542	54,983	27,324	31.30
2013	5,147,040	179,580	3,885,541	1,441,079	56,357	25,860	17.53
2014	5,296,807	2,454,741	4,368,969	3,382,579	57,766	24,470	41.13
2015	4,612,345	171,882	5,825,479	(1,041,252)	59,210	23,008	(12.66)
2016	5,895,551	1,410,622	3,785,935	3,520,238	60,646	21,538	42.83
2017	7,266,136	149,456	4,508,226	2,907,366	62,208	19,945	35.39
2018	7,134,533	2,270,458	4,360,122	5,044,869	63,762	18,399	61.40
2019	7,357,422	138,604	4,365,061	3,130,965	65,357	16,785	38.12
2020	7,723,509	332,487	4,893,553	3,162,443	66,992	15,961	38.12

----- Prior Years -----

State of California Wastewater Construction Loan

	Wastewater Service Revenues	Capital Impact Fees	Less Operating Expenses	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2011	\$ 3,581,786	\$ 61,624	\$ 2,315,643	\$ 1,327,767	\$ 524,709	\$ 203,005	1.82
2012	3,733,430	5,905	2,904,004	835,331	538,876	188,455	1.15
2013	3,996,640	5,127	2,422,454	1,579,313	553,426	173,513	2.17
2014	4,286,228	1,630,089	2,480,480	3,435,837	568,368	158,167	4.73
2015	4,150,773	70,143	2,584,479	1,636,437	583,714	142,407	2.25
2016	4,234,717	890,919	2,161,955	2,963,681	599,475	126,221	4.08
2017	4,709,025	134,944	2,347,478	2,496,491	615,660	109,598	3.44
2018	4,713,142	1,581,023	2,901,642	3,392,523	632,283	92,526	4.68
2019	4,835,296	61,981	2,859,602	2,037,675	649,355	74,994	2.81
2020	4,795,114	136,046	2,676,453	2,254,707	666,888	74,994	3.04

----- Prior Years -----

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

Operating expenses exclude depreciation and amortization

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

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

Fiscal Year	Population	Personal Income (thousands of dollars)	Median Household Income	Unemployment Rate
2011	19,809	\$ 490,649	\$ 48,009	14.30%
2012	19,862	517,643	51,253	9.60%
2013	20,001	539,507	83,581	8.20%
2014	19,989	563,790	83,609	6.50%
2015	20,374	571,557	81,955	5.40%
2016	20,338	411,763	75,997	5.40%
2017	20,570	646,021	83,673	5.00%
2018	20,990	622,133	83,673	4.70%
2019	20,629	657,387	91,705	4.20%
2020	20,837	688,744	101,792	3.70%

----- Prior Years -----

Source: MuniServices, LLC

Source: 2018-19 and prior, previously published CAFR

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

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

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

**Schedule 16
City of American Canyon
Principal Employers (Ten Largest)
Calendar Year 2020 vs Calendar Year 2011**

Employer	2020			2011		
	Rank	Number Employees	Percentage of Total City Employment	Rank	Number Employees	Percentage of Total City Employment
Walmart Supercenter	1	326	3.58%	1	415	8.30%
Napa Valley Unified School District (AC)	2	287	3.15%			
GL Mezzetta	3	248	2.73%	2	300	6.00%
Coca-Cola Amcan Beverages	4	160	1.76%	3	135	2.70%
Ikea Distribution Services, Inc.	5	160	1.76%			
Barry Callebaut	6	150	1.65%			
A Bright Future	7	147	1.62%			
Western Wine Services, Inc.	8	119	1.31%			
City of American Canyon	9	114	1.25%	8	71	1.42%
Wine Direct Inc	10	110	1.21%			
Safeway Inc #1883				4	101	2.02%
Sutter Home Winery				5	100	2.00%
Vineyard Brands Inc				6	58	1.16%
Vinpak Inc				7	50	1.00%
American Canyon Middle School				9	70	1.40%
Donaldson Way Elementary School				10	60	1.20%

Data Source: Business License

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

Function/Program	----- Prior Years -----									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administration										
City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
City Manager	2.15	2.15	2.15	2.15	2.55	2.55	3.50	2.50	2.50	3.00
City Clerk	1.40	1.40	1.40	1.40	1.65	1.65	2.00	2.00	2.00	2.00
Neighborhood Programs									1.00	1.00
Human Resources	2.00	1.50	1.50	-	-	-	2.20	2.00	2.00	1.00
Finance										
Human Resources	-	-	-	1.50	2.20	2.20	-	-	-	0.00
Finance	4.60	4.60	4.60	4.60	4.30	4.80	4.80	4.50	4.10	4.10
Information Systems	0.20	0.20	0.20	0.20	-	-	-	-	-	0.00
Utility Billing	3.20	3.20	3.20	3.20	3.40	3.40	3.40	3.40	3.80	3.80
Public safety:										
Police	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70	2.70
Non Departmental	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Community Development:										
Planning	1.60	1.60	1.60	1.60	3.25	3.25	3.25	4.25	2.75	2.75
Building and Safety	3.25	3.25	3.25	3.25	3.25	4.25	4.25	3.75	3.65	3.65
Economic Development	0.45	0.45	0.45	0.45	0.54	0.54	-	-	-	0.00
Housing Services	0.10	0.10	0.10	0.10	-	-	-	-	0.10	0.10
City Engineer	1.30	1.30	1.30	1.30	-	-	-	-	-	0.00
Affordable Housing	0.25	0.25	0.25	0.25	0.10	0.10	-	-	-	-
Parks and Recreation										
Park Maintenance	5.20	5.35	5.20	5.35	5.40	5.40	6.50	5.40	5.40	-
Parks & Recreation Admin	-	-	-	-	2.20	2.70	3.70	3.30	3.30	3.10
Recreation Programs	2.75	2.80	2.75	2.80	1.80	2.80	2.80	3.10	3.10	4.30
Aquatics Programs	2.30	2.30	2.30	2.30	1.60	1.60	1.50	1.90	1.90	1.90
Neighborhood Programs	-	-	-	-	-	-	-	1.00	-	-
Facility Rentals	-	-	-	-	-	-	-	0.30	0.30	0.30
Public Works:										
Administration	4.00	3.90	3.90	3.90	3.50	3.50	3.50	3.50	3.50	3.00
Capital Projects	2.00	1.60	1.60	1.60	3.00	4.00	4.00	4.00	4.00	4.00
Street Maintenance	3.45	3.45	3.45	3.45	2.90	3.30	3.30	4.00	3.95	3.95
Storm Drain	1.55	1.95	1.95	1.95	2.00	2.60	1.60	1.90	2.35	2.35
Parks Maintenance	-	-	-	-	-	-	-	-	-	5.40
Fleet Operations	1.10	1.10	1.10	1.10	-	-	-	-	-	-
City Engineer	-	-	-	-	1.00	1.00	1.00	1.00	1.50	1.50
Water:										
Treatment and Distribution	9.10	9.05	9.05	9.05	9.08	10.08	11.25	11.55	11.25	11.75
Wastewater:										
Collection and Treatment	12.60	12.00	12.00	12.00	12.23	9.73	9.40	11.10	11.25	10.75
Storm Water Quality	0.45	0.45	0.45	0.45	-	-	-	-	-	0.00
Solid Waste	0.35	0.35	0.35	0.35	0.35	3.35	3.35	3.35	3.10	3.10
Internal Service:										
Building Maintenance	-	-	-	-	1.00	1.00	1.00	1.00	1.05	1.05
Fleet Operations	-	-	-	-	1.10	1.10	1.10	1.10	1.05	1.05
Information Systems	-	-	-	-	0.10	0.10	0.10	0.10	0.10	0.10
Totals	<u>74.35</u>	<u>73.30</u>	<u>73.10</u>	<u>73.30</u>	<u>77.50</u>	<u>84.00</u>	<u>86.50</u>	<u>89.00</u>	<u>88.00</u>	<u>88.00</u>

Data Source: Human Resources Department

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

	----- Prior Years -----									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Physical arrest	614	415	842	790	471	569	493	282	460	515
Traffic violations	1,748	2,001	1,639	1,336	971	886	1,189	1,204	635	601
Fire:										
Emergency Responses	1,286	300	1,437	1,449	1,627	1,615	1,802	1,744	1,709	1,725
Structure Fires	16	14	6	6	17	20	20	21	19	71
Fire Loss (Thousand \$)	19	135	-	-	-	-	-	-	-	-
Fire Engines	6	6	6	6	6	6	6	8	8	8
Inspections	218	279	264	199	229	216	393	382	325	292
Construction Inspection	75	111	108	50	44	78	100	97	171	107
Planning:										
Building Permits Issued	285	296	299	360	520	524	496	511	428	571
Public works:										
Miles streets resurfaced	-	0.12	-	-	1.75	0.15	7.00	0.69	1.00	1.14
Parks:										
Community events held	22	26	35	37	41	46	41	40	38	14
Swimming pool admissions	16,063	15,313	16,261	47,720	48,222	49,142	49,302	63,110	46,594	15,277
Water:										
Number of new services		100	633	493	402	418	449	427	374	324
Daily average water production in MGD	2.87	58.00	3.10	3.15	2.87	2.49	2.31	2.38	2.40	2.12
Daily average water consumption in MGD	2.67	50.00	2.94	2.89	2.39	2.08	2.02	2.19	2.08	1.64

Data Source: Various departments within the City of American Canyon

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

Function/Program	----- Prior Years -----									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	12	12	13	15	19	17	17	18	18	18
Fire:										
Stations	2	2	2	2	2	2	2	2	2	2
Engines	8	8	8	8	8	8	8	9	8	8
Public works:										
Miles of streets	38.1	38.1	38.1	38.1	38.1	38.1	38.1	38.1	38.1	52.3
Streetlights	1,233	1,233	1,233	1,233	1,233	1,233	1,233	1,233	1,233	1,381
Traffic signals	4	4	4	4	4	4	4	4	4	6
Parks and recreation:										
Community centers	3	3	3	3	3	3	3	3	3	3
Parks	22	22	22	22	22	22	22	22	22	22
Park Acreage	79	79	79	79	79	79	79	79	79	79
Water:										
Miles of mains added	-	-	-	-	-	-	-	-	-	-
Number of services billed	5,455	5,529	5,565	5,593	5,594	5,621	5,654	5,646	5,595	5,693
Maximum plant capacity in millions gallons	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Storage capacity in in millions gallons	4.81	4.70	4.70	4.70	4.70	4.70	4.70	4.70	4.70	4.70
Wastewater:										
Miles of sewers added	-	-	-	-	-	-	-	-	-	-
Number of services billed	4,856	4,910	4,971	4,983	5,004	5,016	5,012	4,999	5,050	5,006
Maximum plant capacity in million gallons	5	5	5	5	5	5	5	5	5	5
Recycled Water:										
Miles of pipelines added	-	-	-	-	-	0	-	-	-	-
Number of services billed	12	12	13	15	20	30	46	43	30	48
Storage capacity in million gallons	1	1	1	1	2.50	2.50	2.50	2.50	2.50	2.50

Data Source: Various departments within the City of American Canyon



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MANAGEMENT LETTER

To the City Council and Management
City of American Canyon
American Canyon, California

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of American Canyon (the City) as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The following items noted in our current year audit have been presented for consideration:

Loans Receivable

During our audit, we noted three loans recorded as new loans for the year ended June 30, 2020 that were funded in a prior year. We recommend that the City record loan activity on a monthly or quarterly basis and compare the loans disbursed and repaid to the expenses and revenues recorded in the related fund as part of the closing process.

Capital Projects Fund

The City recorded \$1.05 million of professional services paid to other governments for a transit assessment plan in the Traffic Impact Capital Project Fund. Generally, capital projects funds should be used for capital outlay. The City should consider budgeting and recording similar transaction in a special revenue fund in the future.

The following items noted in prior year audits have been presented for further consideration.

Closing Entries

We recommend the City review the adjustment list provided during the audit and consider which entries can be posted prior to the start of the audit in the future to increase audit efficiency.

Capital Assets

A number of projects reported as construction in progress in the enterprise funds had no activity for many years. We recommend considering whether those projects are approved by Council and will be completed or should be removed. Note that feasibility studies are required to be expensed as incurred until the City Council approves the related project.

The City should consider adding additional accumulated depreciation accounts to provide the same level of detail as the capital asset footnote.

We noted a number of assets on the City's capital asset list that are below the capitalization threshold disclosed. The City should consider removing those assets from its capital asset detail list. The City should also consider performing a physical inventory of capital assets and compare the results to the capital asset listing.

Cash Reconciliation

We recommend the City prepare a combined cash and investments reconciliation with each account in a column and reconciling items in rows that reconciles to total combined governmental activity, business-type activity and fiduciary fund cash and investments accounts. This would simplify the reconciliation of cash and investments to the balance sheet and footnotes during the audit. Many city clients prepare a similar reconciliation.

Interfund Loan

The Wastewater Fund loaned the Water Fund \$4,907,024 in December 2009 for various construction projects. The loan has increased to \$6,415,941 as a result of accrued and unpaid interest at 3%. No amounts have been repaid during the term of this loan. We understand this loan resulted from recycled water projects that benefit both the Water and Wastewater Funds. We understand the City is in the process of establishing a separate fund to record the activity of recycled water projects, which would assume this loan. We recommend the City ensure this loan is repaid in the future.

* * * * *

We would like to take this opportunity to acknowledge the courtesy and assistance extended to us during the course of the audit. This communication is intended solely for the information and use of management, the City Council and others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Richardson & Company, LLP

February 25, 2021



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GOVERNANCE LETTER

To the City Council
City of American Canyon, California

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of American Canyon (the City) for the year ended June 30, 2020, and have issued our report thereon dated February 25, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated September 28, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Our Responsibilities under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated September 28, 2019, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we will consider the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting.

Planned Scope and Timing of the Audit

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involves judgment about the number of transactions to be examined and the areas to be tested.

Our audit includes obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. No material weaknesses in internal control were noted as a result of our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Accounting estimates are used in the following areas: the allowance for uncollectible accounts and loans receivable, including accrued interest thereon, qualifying expenses claimed under grants, the depreciable lives used for capital assets, the liability for self-insured workers' compensation claims, the net pension liability and the net other postemployment benefits liability. Management has determined an allowance for uncollectible accounts and loans receivable is necessary based on estimates of collectability and estimated collateral values. The City has an administrator for their self-insurance program that develops the estimate of the incurred, but unreported claims liability. The City has actuarial calculations performed on its net pension liability and net other postemployment benefits liability. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole. The City has recorded an allowance for doubtful accounts on most of its BEGIN program loans and its shared appreciation loans and related accrued interest of \$8,528,631 because of the previous decrease in property values and the uncertainty if repayment will be received. This allowance does not affect fund balance because these loans are offset by deferred inflows of resources.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the following:

Net Pension Liability: The disclosure of the net pension liability in Note J to the financial statements discusses the pension liability that is reflected in the Statement of Net Position and related deferred balances as well as the assumptions that were used to determine the amounts and other required disclosures. The required supplementary information schedules also provide historical information on the pension obligation.

Net Other Postemployment Benefits (OPEB) Liability: The disclosure of the net OPEB liability in Note K to the financial statements discusses the liability that is reflected in the Statement of Net Position and related deferred balances as well as the assumptions that were used to determine the amounts and other required disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The following adjustments were posted during the audit:

- Correct the year-end fair value adjustment for investments
- Capitalize water line improvements
- Adjust Water Fund unbilled receivable entry
- Reclassify balances due to/from the City/Fire District
- Accrue accounts payable
- Adjust beginning fund balance to match the prior year balance
- Record restricted net position for an unspent Fire District contribution
- Record entries needed to convert governmental funds to full accrual basis for reporting as governmental activities

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 25, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to management's discussion and analysis, schedules of the proportionate share of the net pension liability, schedules of contributions to the pension plan, schedules of contributions to the other postemployment benefits plan, and schedules of funding progress of the other postemployment benefits plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We have been engaged to report on the combining and individual fund financial statements which accompany the financial statements but are not RSI. With respect to the supplementary information, which is identified in the table of contents of the financial statements, accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We are not engaged to report on the introductory and statistical sections, which accompany the financial statements but are not RSI. We did not audit or perform other procedures on this other information and we do not express an opinion or provide any assurance on it.

* * * *

This information is intended solely for the information and use of the City Council and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

Richardson & Company, LLP

February 25, 2021



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INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES
APPLIED TO APPROPRIATIONS LIMIT TESTING

To the City Council
City of American Canyon, California

We have performed the procedures enumerated below to the accompanying calculation of the Appropriation Limit of the City of American Canyon (the City) for the year ended June 30, 2020. These procedures, which were agreed to by the City and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*) were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The City's management is responsible for the Appropriations Limit calculation. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the City's calculation of the 2019/2020 appropriations limit and compared the limit and annual adjustment factors included in the calculation to the limit and annual adjustment factors that were adopted by resolution of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. We compared the methodology used to determine the cost of living adjustment component to Article XIII B which states that the City may annually adjust the component for either the change in California per capita personal income or, the percentage change in the City's assessed valuation which is attributable to non-residential new construction. We recalculated the factor based on the above information.

Finding: No exceptions were noted as a result of our procedures.

3. We compared the methodology used to determine the population adjustment component to Article XIII B which states that the City may annually choose to adjust the component for either the change in population in the County in which the City is located, or the change in population within the unincorporated area of the County in which the City is located. We recalculated the factor based on the above information.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Calculation to the prior year appropriations limit adopted by the City Council for the prior year.

Finding: No exceptions were noted as a result of our procedures.

5. We recalculated the 2019/2020 Appropriation Limit by multiplying the product of the two above factors by the 2018/2019 appropriation limit.

Finding: No exceptions were noted as a result of our procedures.

6. We compared the City's actual revenues to the computed appropriation limit for fiscal year 2019/2020.

Finding: For the 2019/2020 fiscal year, the City's actual revenues subject to the appropriations limit did not exceed the appropriation limit adopted by resolution of the City Council.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit calculation. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the use of the City of American Canyon and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Richardson & Company, LLP

February 25, 2021

APPENDIX A

**CITY OF AMERICAN CANYON
APPROPRIATION LIMIT CALCULATION
Year Ended June 30, 2020**

**APPROPRIATION LIMIT
ADOPTED BY CITY:**

Recorded in Final 2019/2020 Budget \$ 19,205,500

**APPROPRIATION LIMIT
COMPUTATION PER REVIEW:**

2018/2019 Appropriation Limit	\$ 18,493,500
Cost of living factor:	
Change in California per capita income	1.0385
Population Adjustment Factor:	
Population change in City of American Canyon	<u>1.0000</u>
Auditor computed limitation	<u>19,205,500</u>
Variance	<u><u>\$ 0</u></u>



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INDEPENDENT ACCOUNTANTS' REPORT ON AGREED-UPON PROCEDURES
APPLIED TO APPROPRIATIONS LIMIT TESTING

To the Fire Protection District Board
City of American Canyon Fire Protection District
City of American Canyon, California

We have performed the procedures enumerated below to the accompanying calculation of the Appropriation Limit of the City of American Canyon Fire Protection District (the District) for the year ended June 30, 2020. These procedures, which were agreed to by the District and the League of California Cities (as presented in the publication entitled *Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution*) were performed solely to assist the District in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution. The District's management is responsible for the Appropriations Limit calculation. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

1. We obtained the District's calculation of the 2019/2020 appropriations limit and compared the limit and annual adjustment factors included in the calculation to the limit and annual adjustment factors that were adopted by resolution of the Fire Protection District Board.

Finding: No exceptions were noted as a result of our procedures.

2. We compared the methodology used to determine the cost of living adjustment component to Article XIII B which states that the District may annually adjust the component for either the change in California per capita personal income or, the percentage change in the District's assessed valuation which is attributable to non-residential new construction. We recalculated the factor based on the above information.

Finding: No exceptions were noted as a result of our procedures.

3. We compared the methodology used to determine the population adjustment component to Article XIII B which states that the District may annually choose to adjust the component for either the change in population in the County in which the District is located, or the change in population within the unincorporated area of the County in which the District is located. We recalculated the factor based on the above information.

Finding: No exceptions were noted as a result of our procedures.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Calculation to the prior year appropriations limit adopted by the Fire Protection District Board for the prior year.

Finding: No exceptions were noted as a result of our procedures.

5. We recalculated the 2019/2020 Appropriation Limit by multiplying the product of the two above factors by the 2018/2019 appropriation limit.

Finding: No exceptions were noted as a result of our procedures.

6. We compared the District's actual revenues to the computed appropriation limit for fiscal year 2019/2020.

Finding: For the 2019/2020 fiscal year, the District's actual revenues subject to the appropriations limit did not exceed the appropriation limit adopted by resolution of the Fire Protection District Board.

We were not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit calculation. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the use of the City of American Canyon Fire Protection District and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Richardson & Company, LLP

February 25, 2021

APPENDIX A

**CITY OF AMERICAN CANYON FIRE PROTECTION DISTRICT
APPROPRIATION LIMIT CALCULATION
Year Ended June 30, 2020**

**APPROPRIATION LIMIT
ADOPTED:**

Recorded in Final 2019/2020 Budget \$ 12,844,344

**APPROPRIATION LIMIT
COMPUTATION PER REVIEW:**

2018/2019 Appropriation Limit	\$ 12,368,169	
Cost of living factor:		
Change in California per capita income	1.0385	
Population Adjustment Factor:		
Population change in City of American Canyon	<u>1.0000</u>	
Auditor computed limitation		<u>12,844,344</u>
Variance		<u><u>\$ 0</u></u>