PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 15, 2026

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS:
S&P: "AA"(Insured Series 2026 Bonds Rating)
S&P: "AA-" (Underlying/Uninsured Rating)
(See "RATINGS" herein)

In the opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described in this Official Statement, interest (and original issue discount) on the Series 2026 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2026 Bonds is exempt from State of California personal income tax. See the caption "TAX MATTERS" herein with respect to tax consequences relating to the Series 2026 Bonds, including with respect to the alternative minimum tax imposed on certain large corporations.

$9,795,000*
DIXON FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2026

Dated: Date of Delivery **Due: May 1, as shown on inside cover**

The Dixon Financing Authority Lease Revenue Bonds, Series 2026 are payable from base rental payments (the "Base Rental Payments") to be made by the City of Dixon for the right to use certain real property pursuant to a Lease Agreement, dated as of October 1, 2026 (the "Lease Agreement"), by and between the City, as lessee, and the Dixon Financing Authority, as lessor. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS."

The Series 2026 Bonds are being issued to provide funds to (i) finance a portion of the costs of constructing a new fire station (Fire Station 82) and renovating and expanding the City's existing police headquarters building; (ii) purchase a municipal bond insurance policy to guarantee payment of the principal of and interest on the Insured Series 2026 Bonds; (iii) purchase a debt service reserve insurance policy for deposit in the Reserve Fund for the Series 2026 Bonds and (iv) pay the costs incurred in connection with the issuance of the Series 2026 Bonds. See "THE PROJECT." The City has covenanted under the Lease Agreement to make all Base Rental Payments provided for therein, to include all such payments as a separate line item in its annual budgets, and to make all the necessary annual appropriations for such Base Rental Payments. The City's obligation to make Base Rental Payments is subject to abatement during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defects in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property. See "RISK FACTORS—Abatements."

The Series 2026 Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on the Series 2026 Bonds is payable semiannually on May 1 and November 1 of each year, commencing May 1, 2027. Purchasers will not receive certificates representing their interest in the Series 2026 Bonds. Individual purchases will be in principal amounts of $5,000 or integral multiples thereof. Principal of and interest and premium, if any, on the Series 2026 Bonds will be paid by U.S. Bank Trust Company, National Association, as trustee (the "Trustee") to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the Beneficial Owners of the Series 2026 Bonds. See "THE SERIES 2026 BONDS—Book-Entry Only System" herein.

The Series 2026 Bonds will be issued pursuant to an Indenture, dated as of October 1, 2026 (the "Indenture") by and among the City, the Authority and the Trustee. The Series 2026 Bonds and any additional bonds issued pursuant to the Indenture ("Additional Bonds") are collectively referred to as the "Bonds."

The Series 2026 Bonds are subject to optional, extraordinary and mandatory sinking fund redemption prior to maturity.* See "THE SERIES 2026 BONDS—Redemption."

The Series 2026 Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Series 2026 Bonds.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or the State of California or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation. The Authority has no power to tax.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The scheduled payment of principal of and interest on the Series 2026 Bonds maturing on May 1 of the years 20__ through 20__, inclusive (the "Insured Series 2026 Bonds"), when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY INC. See "BOND INSURANCE".

ASSURED GUARANTY®

The Series 2026 Bonds will be offered when, as and if issued and received by the Underwriter, subject to the approval as to their validity by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, is also acting as Disclosure Counsel to the City and the Authority. Certain legal matters will be passed upon for the City and the Authority by the City Attorney of the City of Dixon, and for the Underwriter by Anzel Galvan LLP, San Francisco, California. It is anticipated that the Series 2026 Bonds in definitive form will be available for delivery to DTC in New York, New York on or about October __, 2026.

STIFEL

Dated: September __, 2026

* *Preliminary, subject to change.*

MATURITY SCHEDULE

$9,795,000*
DIXON FINANCING AUTHORITY
Lease Revenue Bonds, Series 2026
Base CUSIP†: ________

Maturity Date (May 1)	***Principal Amount***	***Interest Rate***	***Yield***	***Price***	***CUSIP†***
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					
2052					
2053					
2054					
2055					
2056					
2057					

$________ _____% Term Bonds due May 1, 2057 Yield: _____% Price: _______ CUSIP† ______

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* *Preliminary, subject to change.*
I *Insured Bond.*
C *Yield calculated to the optional redemption date of May 1, 20__, at par.*
† *CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc.* *CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the Underwriter, the Authority or the City, or their agents or counsel, assume responsibility for the accuracy of such numbers.*

No dealer, broker, salesperson or other person has been authorized by the City or the Authority to give any information or to make any representations in connection with the offer or sale of the Series 2026 Bonds other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Authority. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2026 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers or Owners of the Series 2026 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement and the information contained herein are subject to completion or amendment without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or the Authority or any other parties described herein since the date hereof. These securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. This Official Statement is being submitted in connection with the sale of the Series 2026 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose, unless authorized in writing by the City. All summaries of documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions.

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," "intend" or similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the captions "THE CITY OF DIXON," "CITY FINANCIAL INFORMATION" and "RISK FACTORS."

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT. IN EVALUATING SUCH STATEMENTS, POTENTIAL INVESTORS SHOULD SPECIFICALLY CONSIDER THE VARIOUS FACTORS WHICH COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE INDICATED BY SUCH FORWARD-LOOKING STATEMENTS.

THE SERIES 2026 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT AND HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

Assured Guaranty Inc. (the "Insurer") makes no representation regarding the Series 2026 Bonds or the advisability of investing in the Series 2026 Bonds. In addition, the Insurer has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the Insurer supplied by the Insurer and presented under the heading "BOND INSURANCE" and APPENDIX G—"SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

The City maintains a website; however, information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2026 Bonds.

CITY OF DIXON
SOLANO COUNTY, CALIFORNIA

DIXON FINANCING AUTHORITY GOVERNING BOARD
AND
CITY COUNCIL OF THE CITY OF DIXON

Steve Bird, *Chair/Mayor*
Jim Ernest, *Vice Chair/Vice Mayor (District 1)*
Thom Bogue, *Board Member/Council Member (District 2)*
Kevin Johnson, *Board Member/Council Member (District 3)*
Don Hendershot, *Board Member/Council Member (District 4)*

AUTHORITY AND CITY OFFICIALS

Melissa Eads, *Executive Director/City Manager*
Kate Zawadzki, *Treasurer/Assistant City Manager and Finance Director*
Kristin Janisch, *Secretary/City Clerk*

BOND AND DISCLOSURE COUNSEL
Stradling Yocca Carlson & Rauth LLP
Newport Beach, California

MUNICIPAL ADVISOR

Del Rio Advisors, LLC
Modesto, California

TRUSTEE

U.S. Bank Trust Company, National Association
Los Angeles, California

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CITY OF DIXON
REGIONAL LOCATION MAP

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OFFICIAL STATEMENT

$9,795,000[*]
DIXON FINANCING AUTHORITY
LEASE REVENUE BONDS, SERIES 2026

INTRODUCTION

This Official Statement (which includes the cover page and the appendices hereto) (the "Official Statement") provides certain information concerning the sale and delivery of $9,795,000[*] aggregate principal amount of Dixon Financing Authority Lease Revenue Bonds, Series 2026 (the "Series 2026 Bonds").

The net proceeds of the sale of the Series 2026 Bonds will be used to (i) finance a portion of the costs of constructing a new fire station (Fire Station 82) and renovating and expanding the City's existing police headquarters building; (ii) purchase a municipal bond insurance policy (the "Policy") to guarantee payment of the principal of and interest on the Insured Series 2026 Bonds; (iii) purchase a debt service reserve insurance policy (the "Series 2026 Reserve Policy") for deposit in the Reserve Fund for the Series 2026 Bonds and (iv) pay the costs incurred in connection with the issuance of the Series 2026 Bonds. See "THE PROJECT" herein for a further description of the Project.

The Series 2026 Bonds are equally and ratably payable from base rental payments (the "Base Rental Payments") to be made by the City of Dixon (the "City") for the right to use certain real property (collectively, the "Property" and described further under the caption "THE PROPERTY") pursuant to a Lease Agreement, dated as of October 1, 2026 (the "Lease Agreement"), between the City, as lessee, and the Dixon Financing Authority (the "Authority"), as lessor.

The Series 2026 Bonds will be issued pursuant to an Indenture, dated as of October 1, 2026 (the "Indenture"), by and among the Authority, the City and U.S. Bank Trust Company, National Association, as trustee (the "Trustee"). Pursuant to the Indenture, the Authority may issue additional bonds (the "Additional Bonds") payable from the Base Rental Payments on a parity with the Series 2026 Bonds (the Series 2026 Bonds and any such Additional Bonds being collectively referred to as the "Bonds"). See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS—Additional Bonds."

Pursuant to a Ground Lease, dated as of October 1, 2026 (the "Ground Lease"), by and between the City and the Authority, the City has leased the Property to the Authority. The Authority has subleased the Property to the City under the Lease Agreement. The Lease Agreement obligates the City to make Base Rental Payments to the Authority.

The Trustee and the Authority have entered into an Assignment Agreement, dated as of October 1, 2026, pursuant to which the Authority has assigned to the Trustee for the benefit of the Bond Owners substantially all of the Authority's right, title and interest in and to the Ground Lease and the Lease Agreement, including its right to receive the Base Rental Payments due under the Lease Agreement and to enforce any remedies in the event of a default by the City.

The Property leased under the Ground Lease and the Lease Agreement will initially consist of the City of Dixon City Hall and the City's Fire Station 81 (as described under the captions "THE PROJECT" and "THE PROPERTY"). The City has the right to substitute or release all or a portion of the Property subject to certain conditions precedent. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS—Substitution or Release of the Property."

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[*] *Preliminary, subject to change.*

The City will covenant under the Lease Agreement to take such action as may be necessary to include all Rental Payments, which are comprised of Base Rental Payments and Additional Rental Payments (which include taxes and assessments affecting the Property, administrative costs of the Authority relating to the Property, fees and expenses of the Trustee and other amounts payable under the Lease Agreement), due under the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor, subject to abatement as described herein.

Base Rental Payments are subject to complete or partial abatement in the event and to the extent that there is substantial interference with the City's right to use and occupy the Property or any portion thereof. See "RISK FACTORS—Abatements." Abatement of Base Rental Payments under the Lease Agreement, to the extent that payment is not made from alternative sources as set forth below, would result in all Bond Owners receiving less than the full amount of principal of and interest on the Series 2026 Bonds. To the extent that proceeds of insurance are available or moneys are available in certain funds and accounts pledged as security for the Series 2026 Bonds, Base Rental Payments (or a portion thereof) may be made during periods of abatement.

THE SERIES 2026 BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM BASE RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE OF CALIFORNIA (THE "STATE"), OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2026 BONDS. THE AUTHORITY HAS NO TAXING POWER.

THE OBLIGATION OF THE CITY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Payment of principal of and interest on the Insured Series 2026 Bonds will be insured by the Policy to be delivered by Assured Guaranty Inc. ("AG" or the "Insurer") concurrently with the issuance of the Series 2026 Bonds. See the caption "BOND INSURANCE" and APPENDIX G.

The Indenture establishes a Reserve Fund for the Series 2026 Bonds, which is required to be maintained in an amount equal to the Reserve Fund Requirement. The City will satisfy the Reserve Fund Requirement by depositing into the Reserve Fund the Series 2026 Reserve Policy issued by the Insurer in an amount equal to the initial Reserve Fund Requirement. The Series 2026 Reserve Policy will secure the Series 2026 Bonds only and will not be available for the payment of any Additional Bonds. See caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS—Reserve Fund."

The City has agreed to provide, or cause to be provided, to the Municipal Securities Rulemaking Board for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission ("Rule 15c2-12") certain annual financial information and operating data and, in a timely manner, notice of certain listed events. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12. See "CONTINUING DISCLOSURE" herein for a description of the Authority's and the City's compliance with its prior continuing disclosure undertakings pursuant to Rule 15c2-12 and APPENDIX E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE" for a description of the specific nature of the annual report and notices of listed events and the terms of the disclosure undertaking pursuant to which such reports are to be made.

U.S. Bank Trust Company, National Association, Los Angeles, California, will act as Trustee with respect to the Series 2026 Bonds. The Series 2026 Bonds will be issued subject to the approval as to their legality by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Bond Counsel. Certain legal matters will be passed upon for the City and the Authority by the City Attorney of the City of Dixon and by Stradling Yocca Carlson & Rauth LLP, Newport Beach, California, Disclosure Counsel. Certain legal matters will be passed upon for the Underwriter by Anzel Galvan LLP, San Francisco, California. The City's financial statements for the fiscal year ended June 30, 2025 have been audited by MUN CPAs, LLP Sacramento, California (the "Auditor"). See APPENDIX C—"AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2025" herein. The City's financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit review of the financial condition of the City and also has not performed any procedures relating to this Official Statement.

Certain events could affect the ability of the City to make the Base Rental Payments when due. See "RISK FACTORS" for a discussion of certain factors that should be considered, in addition to other matters set forth herein, in evaluating an investment in the Series 2026 Bonds.

The presentation of information, including tables showing historic revenues and expenditures, is intended to show recent historical information and, except for a budget discussion for the 2026-27 annual period and a discussion of the City's five year forecast, is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as it might be shown by such financial and other information, will necessarily continue or be repeated in the future. See the captions "THE CITY OF DIXON" and "CITY FINANCIAL INFORMATION" for financial and operating information related to the City.

The summaries or references to the Indenture, the Lease Agreement, the Ground Lease, the Assignment Agreement and other documents, agreements and statutes referred to herein, and the description of the Series 2026 Bonds included in this Official Statement, do not purport to be comprehensive or definitive, and such summaries, references and descriptions are qualified in their entireties by reference to each such document or statute. All capitalized terms used in this Official Statement (unless otherwise defined herein) which are defined in the Indenture or the Lease Agreement shall have the meanings set forth therein. See APPENDIX B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS."

THE SERIES 2026 BONDS

General

The Series 2026 Bonds shall be issued in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof. The Series 2026 Bonds will be dated as of and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) from the dated date thereof at the rates set forth on the inside cover page hereof. Interest on the Series 2026 Bonds will be paid semiannually on May 1 and November 1 (each, an "Interest Payment Date") of each year, commencing May 1, 2027.

Interest on the Series 2026 Bonds will be payable from the Interest Payment Date next preceding the date of authentication thereof (a "Record Date") unless (i) a Series 2026 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date, (ii) a Series 2026 Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the dated date thereof, or (iii) interest on any Series 2026 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date. Interest will be paid in lawful money of the United States on each Interest Payment Date to the Persons in whose names the ownership of the Series 2026 Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest will be paid by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Series 2026 Bond Owners at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date.

The principal and premium, if any, of the Series 2026 Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof upon maturity or earlier redemption at the Office of the Trustee. The Series 2026 Bonds will be subject to redemption as set forth herein.

Registration, Transfers and Exchanges

The Series 2026 Bonds will be issued as fully registered bonds, registered in the name of Cede & Co. as nominee of DTC, and will be available to actual purchasers of the Series 2026 Bonds (the "Beneficial Owners") in the denominations set forth above, under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants (as defined in Appendix F) as described herein. Beneficial Owners will not be entitled to receive physical delivery of the Series 2026 Bonds. See "THE SERIES 2026 BONDS—Book-Entry Only System."

Redemption*

Extraordinary Redemption from Net Insurance Proceeds. The Series 2026 Bonds are subject to redemption, in whole or in part, on any date, in denominations of $5,000 or any integral multiple thereof, from and to the extent of any Net Insurance Proceeds received with respect to all or a portion of the Property, deposited by the Trustee in the Redemption Fund pursuant to the Indenture, at a Redemption Price equal to the principal amount of the Series 2026 Bonds to be redeemed, plus accrued interest thereon to the date of redemption, without premium.

Optional Redemption of Series 2026 Bonds. The Series 2026 Bonds maturing on and after May 1, 2035 are subject to redemption prior to their stated maturity dates at the option of the City on any date on or after May 1, 2034, from such maturities as selected by the City (and by lot within any one maturity), in integral multiples of $5,000, from prepaid Base Rental Payments received from the City, at a redemption price (expressed as a percentage of the principal amount of the Series 2026 Bonds to be redeemed), together with accrued interest to the date of redemption, as follows:

Redemption Date	***Redemption Price***
Any date from May 1, 2034 through April 30, 2035	102%
May 1, 2035 through April 30, 2036	101
May 1, 2036 and any date thereafter	100

Mandatory Sinking Fund Redemption. The Series 2026 Bonds with stated maturities on May 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each May 1 on and after May 1, 20__, in integral multiples of $5,000 at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

* *Preliminary, subject to change.*

Redemption Date (May 1)	***Principal Amount***

** Final Maturity.

The Series 2026 Bonds with stated maturities on May 1, 20__ are subject to mandatory sinking fund redemption in part (by lot) on each May 1 on and after May 1, 20__, in integral multiples of $5,000 at a Redemption Price equal to the principal amount thereof plus accrued interest to the date fixed for redemption, without premium, in accordance with the following schedule:

Redemption Date (May 1)	***Principal Amount***

** Final Maturity.

In the event of a partial optional redemption or extraordinary redemption from Net Insurance Proceeds of any of the Term Bonds, the City will provide the Trustee with a revised mandatory sinking fund schedule giving effect to the redemption so completed.

Selection of Bonds for Redemption. Whenever provision is made in the Indenture for the redemption of less than all of the Bonds, the Trustee shall select the Bonds to be redeemed from all Bonds not previously called for redemption (a) with respect to any optional redemption of Bonds of a Series, among maturities of Bonds of such Series as directed in a Written Request of the Authority, (b) with respect to any redemption from and to the extent of any insurance proceeds or condemnation award received with respect to all or a portion of the Property and the corresponding provision of any Supplemental Indenture pursuant to which Additional Bonds are issued, among maturities of all Series of Bonds on a pro rata basis as nearly as practicable, and (c) with respect to any other redemption of Additional Bonds, among maturities as provided in the Supplemental Indenture pursuant to which such Additional Bonds are issued, and by lot among Bonds of the same Series with the same maturity in any manner which the Trustee in its sole discretion deems appropriate and fair. For purposes of such selection, all Bonds will be deemed to be comprised of separate $5,000 denominations and such separate denominations will be treated as separate Bonds which may be separately redeemed.

Notice of Redemption. So long as the Bonds are held in book-entry form, notices of redemption will be mailed by the Trustee only to DTC and not to any Beneficial Owners. The Trustee on behalf and at the expense of the Authority will mail (by first class mail) notice of any redemption to the respective Owners of any Bonds designated for redemption at their respective addresses appearing on the Registration Books, to the Securities Depositories and to one or more Information Services, at least 20 but not more than 60 days prior to the date fixed for redemption. Such notice will state the date of the notice, the redemption date, the redemption place and the Redemption Price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (except in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and will require that such Bonds be then surrendered at the principal corporate trust office of the Trustee for redemption at the Redemption Price, giving notice also that further interest on such Bonds will not accrue from and after the date fixed for redemption. Neither the failure to receive any notice so mailed, nor any defect in such notice, will affect the validity of the proceedings for the redemption of the Bonds or the cessation of accrual of interest thereon from and after the date fixed for redemption.

With respect to any notice of optional redemption of the Bonds, such notice may state that such redemption is conditional upon the receipt by the Trustee, on or prior to the date fixed for such redemption, of moneys sufficient to pay the principal of, premium if any, and interest on the Bonds to be redeemed and upon other conditions set forth therein and that, if such money has not been so received or such other conditions have not been satisfied, said notice is of no force and effect and the Trustee is not required to redeem such Bonds. If any condition stated in the redemption notice for an optional redemption have not been satisfied on or prior to the redemption date: (i) the redemption notice will be of no force and effect, (ii) the Authority will not be required to redeem such Bonds, (iii) the redemption will not be made, and (iv) the Trustee will within a reasonable time thereafter give notice to the persons in the manner in which the conditional redemption notice was given that such condition or conditions were not met and that the redemption was canceled.

Partial Redemption of Bonds. Upon surrender of any Bonds redeemed in part only, the Authority will execute and the Trustee will authenticate and deliver to the Owner thereof, at the expense of the Authority, a new Bond or Bonds of the same Series in authorized denominations equal in aggregate principal amount representing the unredeemed portion of the Bonds surrendered.

Effect of Notice of Redemption. Notice having been mailed as aforesaid, and moneys for the Redemption Price, and the interest to the applicable date fixed for redemption, having been set aside in the Redemption Fund, the Bonds will become due and payable on said date, and, upon presentation and surrender thereof at the principal corporate trust office of the Trustee, said Bonds will be paid at the Redemption Price thereof, together with interest accrued and unpaid to said date.

If, on said date fixed for redemption, moneys for the Redemption Price of all the Bonds to be redeemed, together with interest to said date, will be held by the Trustee so as to be available therefor on such date, and, if notice of redemption thereof has been mailed as aforesaid and not canceled, then, from and after said date, interest on said Bonds will cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the redemption of Bonds will be held in trust for the account of the Owners of the Bonds so to be redeemed without liability to such Owners for interest thereon. All Bonds paid at maturity or redeemed prior to maturity pursuant to the provisions of the Indenture will be canceled upon surrender thereof and destroyed.

Book-Entry Only System

DTC will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series 2026 Bond will be issued for each maturity of the Series 2026 Bonds, each in the initial aggregate principal amount of such maturity, and will be deposited with DTC. See APPENDIX F—"BOOK-ENTRY ONLY SYSTEM."

Transfer and Exchange of Bonds. The following provisions regarding the exchange and transfer of the Series 2026 Bonds apply only during any period in which the Series 2026 Bonds are not subject to DTC's book-entry system. While the Series 2026 Bonds are subject to DTC's book-entry system, their exchange and transfer will be effected through DTC and the Participants and will be subject to the procedures, rules and requirements established by DTC.

Any Bond may, in accordance with its terms, be transferred upon the books required to be kept by the Trustee pursuant to the provisions of the Indenture by the Person in whose name it is registered, in person or by his or her duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds will be surrendered for transfer, the Authority will execute and the Trustee will authenticate and will deliver a new Bond or Bonds of the same Series in a like aggregate principal amount, in any Authorized Denomination. The Trustee will require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the principal corporate trust office of the Trustee for a like aggregate principal amount of Bonds of the same Series of other authorized denominations. The Trustee will require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee is not obligated to make any transfer or exchange of Bonds of a Series during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS

Pledge of Revenues

The Series 2026 Bonds are equally and ratably payable from and secured by Base Rental Payments and certain amounts on deposit in certain funds and accounts established under the Indenture. Base Rental Payments will be paid by the City from any and all legally available funds. See the captions "THE CITY OF DIXON," "CITY FINANCIAL INFORMATION" and "RISK FACTORS" for a description of such available funds and the potential risks associated with the availability of such funds to make Base Rental Payments. The City has covenanted in the Lease Agreement to take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make the necessary annual appropriations therefor.

The Authority, pursuant to the Assignment Agreement, will assign to the Trustee for the benefit of the Series 2026 Bond Owners all of the Authority's right, title and interest in and to the Ground Lease and the Lease Agreement, including, without limitation, its right to receive Base Rental Payments to be paid by the City under and pursuant to the Lease Agreement; provided that, the Authority will retain the rights to indemnification and to payment of reimbursement of its reasonable costs and expenses under the Lease Agreement. The City will pay Base Rental Payments directly to the Trustee, as assignee of the Authority. See "—Base Rental Payments" below. Pursuant to the Indenture, the Authority may issue Additional Bonds payable from the Base Rental Payments on a parity with the Series 2026 Bonds, subject to certain conditions precedent.

Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund, the Redemption Fund, and the Series 2026 Bonds Account of the Reserve Fund are pledged by the Authority pursuant to the Indenture to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge constitutes a first lien on such assets.

THE SERIES 2026 BONDS ARE SPECIAL OBLIGATIONS OF THE AUTHORITY, PAYABLE SOLELY FROM BASE RENTAL PAYMENTS AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY, THE CITY OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE SERIES 2026 BONDS. THE AUTHORITY HAS NO TAXING POWER.

Base Rental Payments

Rental Payments (collectively, the Base Rental Payments and the Additional Rental Payments) will be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid. Each Base Rental Payment will be deposited with the Trustee no later than the fifth Business Day preceding each Interest Payment Date (the "Base Rental Deposit Date") on which such Base Rental Payment is due. All Base Rental Payments will be paid directly by the City to the Trustee, and if received by the Authority at any time will be transferred by the Authority to the Trustee within one Business Day after the receipt thereof. All Base Rental Payments received by the Trustee will be deposited by the Trustee in the Base Rental Payment Fund.

Pursuant to the Indenture, on the Business Day immediately preceding each Interest Payment Date and on the Business Day immediately preceding each Principal Payment Date, the Trustee will transfer amounts in the Base Rental Payment Fund as are necessary to the Interest Fund and the Principal Fund to provide for the payment of the interest on and principal of the Series 2026 Bonds.

Scheduled Base Rental Payments relating to the Series 2026 Bonds are set forth below under the caption "BASE RENTAL PAYMENT SCHEDULE."

THE OBLIGATION OF THE CITY TO MAKE THE BASE RENTAL PAYMENTS DOES NOT CONSTITUTE A DEBT OF THE CITY, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMIT OR RESTRICTION, AND DOES NOT CONSTITUTE AN OBLIGATION FOR WHICH THE CITY OR THE STATE IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE CITY OR THE STATE HAS LEVIED OR PLEDGED ANY FORM OF TAXATION.

Additional Rental Payments

For the right to use and occupy the Property, the Lease Agreement requires the City to pay, as Additional Rental payments thereunder, in addition to the Base Rental Payments, such amounts as shall be required for the payment of the following:

(i) All taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein.

(ii) All reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees.

(iii) Insurance premiums for all insurance required pursuant to the Lease Agreement.

(iv) Any amounts with respect to the Lease Agreement or the Bonds required to be rebated to the federal government in accordance with section 148(f) of the Internal Revenue Code of 1986.

(v) all amounts due and owing to the Insurer under the Indenture.

(vi) All other payments required to be paid by the City under the provisions of the Lease Agreement or the Indenture.

Amounts constituting Additional Rental Payments payable under the Lease Agreement will be paid by the City directly to the person or persons to whom such amounts are payable. The City will pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Abatement

Base Rental Payments and Additional Rental Payments are paid by the City in each Rental Period for and in consideration of the right to use and occupy the Property. Except as otherwise specifically provided in the Lease Agreement, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property, Rental Payments are subject to abatement proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement will continue in full force and effect. The amount of such abatement will be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period may not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. Any such abatement will continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; and the term of the Lease Agreement will be extended as provided in the Lease Agreement, except that the term will in no event be extended more than ten years beyond the stated termination date of the Lease Agreement. The Trustee cannot terminate the Lease Agreement in the event of such substantial interference. Abatement of Base Rental Payments and Additional Rental Payments is not an event of default under the Lease Agreement and does not permit the Trustee to take any action or avail itself of any remedy against the City. See APPENDIX B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Rental Payments—Rental Abatement."

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments due under the Lease Agreement in any of the funds and accounts established under the Indenture (including as a result of the availability of insurance proceeds or amounts in certain funds and accounts pledged to the Series 2026 Bonds), such Rental Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from said funds and accounts.

The Lease Agreement provides that if the Bonds have not been fully paid or defeased by the final maturity thereof, or if the Rental Payments remain due and payable or have been abated at any time and for any reason, then the term of the Lease Agreement will be extended until the date upon which (i) all Bonds are fully paid or defeased, or (ii) the Indenture is discharged by its terms and all Rental Payments are paid in full, up to an additional ten years beyond the stated termination date of the Lease Agreement.

Substitution or Release of the Property

General. The Authority and the City may amend the Lease Agreement to substitute alternate real property for any portion of the Property or to release a portion of the Property from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement and described below. After a substitution or release, the portion of the Property for which the substitution or release has been effected will be released from the leasehold encumbrance of the Lease Agreement.

The Lease Agreement provides that there will be no reduction in or abatement of the Base Rental Payments due from the City thereunder as a result of such substitution or release. Any such substitution or release is subject to the following specific conditions precedent:

(a) the City finds (as set forth in a certificate delivered by the City to the Trustee) that the Property, as constituted after such substitution or release: (i) has an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, and (ii) has a useful life in excess of the final maturity of any Outstanding Bonds.

(b) the City obtains or causes to be obtained a CLTA or ALTA title insurance policy or policies with respect to any substituted property in an amount at least equal to the aggregate principal amount of any Outstanding Bonds, of the type and with the endorsements described in the Lease Agreement;

(c) the City provides the Trustee with an Opinion of Counsel to the effect that such substitution or release will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes;

(d) the City, the Authority and the Trustee execute, and the City causes to be recorded with the Solano County Clerk-Recorder, any document necessary to reconvey to the City the portion of the Property being released and to include any substituted real property in the description of the Property contained in the Lease Agreement and in the Ground Lease;

(e) the City shall have provided notice of such substitution or release to each rating agency then rating the Bonds;

(f) no event of default has occurred and is continuing under the Lease Agreement;

(g) the City gives, or causes to be given, any notice of the occurrence of such substitution or release required to be given pursuant to the Continuing Disclosure Certificate;

(h) the City certifies to the Trustee that the City has a current need for the substituted real property; and

(i) the City certifies to the Trustee that any substitution will not cause the City to violate any of its covenants, representations and warranties made in the Lease Agreement.

See APPENDIX B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—No Consequential Damages; Use of Property; Substitution or Release."

Action on Default

Should the City default under the Lease Agreement, the Trustee, as assignee of the Authority under the Lease Agreement, may terminate the Lease Agreement and recover certain damages from the City, or may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis, and will have the right to re-enter and re-let the Property. In the event such re-letting occurs, the City would be liable for any resulting deficiency in Base Rental Payments. Base Rental Payments may not be accelerated upon a default under the Lease Agreement. See "RISK FACTORS—Limited Recourse on Default; No Acceleration of Base Rental."

For purposes of certain actions of Bond Owners under the Indenture and the Lease Agreement, such as certain consents and amendments and the direction of remedies following default, Series 2026 Bond Owners do not act alone and may not control such matters to the extent such matters are not supported by the requisite number of the Owners of all Series 2026 Bonds and Additional Bonds, if any.

For a description of the events of default and permitted remedies of the Trustee (as assignee of the Authority) contained in the Lease Agreement and the Indenture, see APPENDIX B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Defaults and Remedies" and "—THE INDENTURE—Default and Limitations of Liability."

Reserve Fund

The Indenture establishes a Reserve Fund and a Series 2026 Bonds Account therein, which is required to be maintained in an amount equal to the Reserve Fund Requirement for the Series 2026 Bonds. "**Reserve Fund Requirement**" is defined in the Indenture to mean, with respect to the Series 2026 Bonds, an amount equal to $________ and with respect to any Additional Bonds, such amounts as determined in accordance with the Supplemental Indenture pursuant to which such Additional Bonds are issued, which amount may be zero dollars.

Moneys in the Series 2026 Bonds Account of the Reserve Fund will be held in trust as a reserve solely for the payment when due of all debt service payments on the Series 2026 Bonds. The City will acquire the Series 2026 Reserve Policy from the Insurer in the amount of the initial Reserve Fund Requirement for the Series 2026 Bonds for deposit into the Series 2026 Account of the Reserve Fund. The Series 2026 Reserve Policy secures the Series 2026 Bonds alone and will not be available for payments on any Additional Bonds. Upon the delivery of the Series 2026 Bonds and the deposit of the Series 2026 Reserve Policy in the Series 2026 Account of the Reserve Fund, the Reserve Fund Requirement with respect to the Series 2026 Bonds will not thereafter be calculated for the purpose of requiring any deposit thereto or replenishment thereof.

See APPENDIX B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—SECURITY FOR THE BONDS; FLOW OF FUNDS; INVESTMENTS—Flow of Funds."

Additional Bonds

Pursuant to the Indenture, the Authority may issue Additional Bonds payable from the Base Rental Payments on parity with the Series 2026 Bonds upon satisfaction of certain conditions, including, but not limited to, the following:

(a) The issuance of such Additional Bonds has been authorized under and pursuant to the Indenture and provided for by a Supplemental Indenture;

(b) The Authority and the City are in compliance with all agreements, conditions, covenants and terms contained in the Indenture, the Lease Agreement and the Ground Lease required to be observed or performed by each of them;

(c) The Ground Lease has been amended, to the extent necessary, and the Lease Agreement has been amended so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds, payable at such times and in such manner as may be necessary to provide for the timely payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment is permitted to be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period is in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith.

See APPENDIX B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—ISSUANCE OF BONDS; APPLICATION OF PROCEEDS—Additional Bonds." The Authority is not required to fund a reserve fund in connection with the issuance of Additional Bonds on a parity with the Series 2026 Bonds.

Insurance

The Lease Agreement requires the City to maintain or cause to be maintained fire, lightning and special extended coverage insurance (which includes coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Property in an amount equal to the greater of 100% of the replacement cost of such improvements or 100% of the outstanding principal amount of the Bonds. All insurance required to be maintained pursuant to the Lease Agreement may be subject to a deductible in an amount not to exceed $500,000. The City's obligations under this subsection may be satisfied by self-insurance, provided such self-insurance complies with the provisions of the Lease Agreement.

The Lease Agreement requires the City to maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards covered by the casualty insurance described in the preceding paragraph, in an amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period.

The City is also required to maintain or cause to be maintained, throughout the term of the Lease Agreement, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees, and worker's compensation insurance as described in APPENDIX B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—INSURANCE."

The City's obligation to maintain the insurance described above (including rental interruption insurance) may be satisfied by insurance provided through a California joint powers authority of which the City is a member or with which the City contracts for insurance, subject to compliance with the requirements of the Lease Agreement.

The City is required under the Lease Agreement to provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Bonds (and the initial aggregate principal amount of Additional Bonds issued after the Closing Date), insuring the fee interest of the City in the Property, the Authority's leasehold estate in the Property under the Ground Lease, and the City's subleasehold estate in the Property under the Lease Agreement, subject only to Permitted Encumbrances, and providing that all proceeds thereunder are payable to the Trustee for the benefit of the Owners.

See APPENDIX B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Insurance."

BOND INSURANCE

The information under this caption has been prepared by AG for inclusion in this Official Statement. None of the Authority, the City or the Underwriter has reviewed this information, nor do such entities make any representation with respect to the accuracy or completeness thereof or any information incorporated by reference. Reference is made to Appendix G for a specimen of the Policy.

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Series 2026 Bonds maturing ______ on of the years ______ through ____, inclusive (the "Insured Series 2026 Bonds"). The Policy guarantees the scheduled payment of principal of and interest on the Insured Series 2026 Bonds when due as set forth in the form of the Policy included as an Appendix G to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On August 3, 2026, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 27, 2026, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On July 17, 2026, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At June 30, 2026:

- The policyholders' surplus of AG was approximately $3,088 million.

- The contingency reserve of AG was approximately $1,569 million.

- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,411 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (filed by AGL with the SEC on August 7, 2026).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE".

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series 2026 Bonds are shown below.

Sources

Principal Amount of Series 2026 Bonds
[Net] Original Issue Premium
Total Sources

Uses

Project Fund
Costs of Issuance[1]
Total Uses

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[1] Includes legal, municipal advisory, rating agency, printing fees, underwriter's discount, premiums for the Policy and the Reserve Policy, and other miscellaneous costs of issuance.

BASE RENTAL PAYMENT SCHEDULE

Following is the annual schedule of Base Rental Payments due with respect to the Series 2026 Bonds, assuming no redemption prior to maturity:

Bond Year (Ending May 1)	***Principal***	***Interest***	***Total***
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
2055			
2056			
2057			
Total			

THE PROJECT

The Project includes the construction of a new Fire Station 82 (“Fire Station Project”) to be located in the southwest area of the City and renovating and expanding the City’s existing police headquarters building located at 201 West A Street in the City (the “Police Headquarters Project”; and, together with the Fire Station Project, the “Project”).

The Fire Station Project consists of the design, construction and equipping of a new fire station of approximately 7,504 square feet on an approximately 0.73 acre site, including parking and guest parking. The station will also feature a 4 bay design for 4 pieces of equipment. The Fire Station Project will also house the City’s emergency operations center. Construction costs are expected to be approximately $9.9 million and will be funded with a portion of the proceeds of the Series 2026 Bonds and development impact fees. The City anticipates that construction of the Fire Station Project will commence in November 2026 and be completed in

April 2028. The Fire Station project will be located in the Homestead development at the corner of Lavender and Pitt School Road in the City.

The Police Headquarters Project consists of the renovation and expansion of the existing Dixon Police headquarters building located at 201 West A Street in the City, including the addition of a 3,503 square foot second story. The second story expansion has been contemplated since the building was originally designed and constructed in 1989. The estimated cost of the Police Headquarters Project is approximately $5.6 million and will be funded with a portion of the proceeds of the Series 2026 Bonds and development impact fees. Construction of the Police Headquarters Project began in June 2026 and is anticipated to be completed in July 2027.

THE PROPERTY

The Property leased under the Ground Lease and the Lease Agreement will initially consist of the City of Dixon City Hall and the City's Fire Station 81. Additional information about each component of the Property is below. The City has the right to substitute or release all or a portion of the Property subject to certain conditions precedent. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS—Substitution, or Release of the Property."

City Hall. The City of Dixon City Hall is located at 600 East A Street, Dixon, California, and consists of an approximately 10,262 square foot building on a 5.25 acre parcel that houses the City's administration (City Manager, Finance, Community Development, Economic Development, Human Resources, and Recreation) as well as the City Council chambers. The City Hall building was constructed in 1981 and has an insured value of approximately $4,621,700.

Fire Station 81. Fire Station 81 is located at 205 Ford Way, Dixon, California, and consists of an approximately 18,698 square foot fire station building as well as a storage garage and training tower, all constructed in 1997, as well as a truck and evidence garage constructed in 2006. Fire Station 81 has a combined insured value of approximately $7,198,000. The parcel on which Fire Station 81 is located is approximately 2.35 acres.

THE AUTHORITY

The Authority was established pursuant to the provisions of Articles 1, 2 and 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Act") and a Joint Exercise of Powers Agreement dated as of April 7, 2026 (as amended, the "JPA Agreement"), between the City and the Dixon Industrial Development Authority. The City Council of the City is appointed as the Governing Board of the Authority and the Authority is administered by the City's staff. Under the Joint Exercise of Powers Agreement and Article 4 of the Act, the Authority is authorized to assist in the financing of public capital improvements.

THE CITY OF DIXON

General

The City of Dixon is located in Northern California in the County of Solano, approximately 20 miles southwest of Sacramento, approximately 65 miles northeast of San Francisco and approximately 9 miles from the University of California, Davis. The City is a general law city incorporated in 1878. The City, originally developed as the commercial and service center for the surrounding agricultural area, was known as "Dicksonville," after a prosperous rancher named Thomas Dickson donated a portion of land to create a railroad depot. When the first consignment of goods arrived by rail, the address mistakenly read "Dixon" which ultimately became the City's name. According to the United States Census Bureau, the City has a total area of 7.1 square miles (18 km2), of which 7.0 square miles (18 km2) is land and 0.1 square miles (0.26 km2) of it (1.36%) is water. The City's population as of January 1, 2026, is 20,567.

Future Expansion and Development in the City. Two anticipated future developments in the City are known as the Campus Project and Dixon 89. The Campus Project is a proposed mixed-use development located in the City's Northeast Quadrant Specific Plan. The proposed development includes an approximately 48 acre Dixon Opportunity Center and approximately 1,041 new residential units on approximately 144 acres as well as approximately 2.5 acres of commercial uses. The Dixon 89 project is located at an 89 acre site planned for 42 acres of industrial uses and 47 acres of commercial uses. The City is currently negotiating a development agreement for the Dixon 89 project. The Campus Project could be in development as early as Fiscal Year 2027-28 and the Dixon 89 project could be in development within the next two to three years.

The City is in conversations with the Local Agency Formation Commission for Solano County ("LAFCO") and the County to annex 1,169 acres for the Harvest development project and 147 acres for the Lombardo Ranch development project. The City and the County are negotiating the terms of a tax sharing agreement and LAFCO will not formally review the annexation request until the City and County have agreed to the terms of the tax sharing agreement. The Harvest project is currently planned as a phased, comprehensive master planned community. It will be comprised of a mix of low and medium density housing of up to 6,300 residential units, public facilities, open space and parks. Total buildout of the Harvest project is expected to be over 25-30 years. The Lombardo Ranch project is also anticipated to be a master planned community comprised of a mix of low and medium density residential, mixed-use development, public facilities, open space and parks.

For additional economic and demographic information regarding the City, see APPENDIX A— "ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF DIXON."

City Council

The City is a general law city that operates under the council-manager form of government. The City Council consists of the Mayor, elected at-large, and four Council members, who are elected to serve four-year overlapping terms based on districts. The position of Vice Mayor is required in the Dixon Municipal Code and is chosen by the Council members from the elected Council Members. The Mayor serves as the City Council's presiding officer.

The City Council serves as the legislative body of the City and as the policy board for the municipality. City Council responsibilities include passing ordinances, adopting the budget, and setting priorities for the government. In addition to appointing the City Manager, the City Council also appoints the City Attorney. The City Manager has the responsibility to provide support and advice to the City Council, overseeing day-to-day operations of the City, fostering community partnerships and interagency collaboration and appointing Department Heads, with ratification by the City Council. Dixon provides municipal services that include police and fire protection, sewer and water services, street and infrastructure maintenance, transit services, planning and zoning, recreational activities, and general administrative/support services.

The members of the City Council and the current expiration dates of their respective terms are set forth in the table below.

CITY OF DIXON
City Council

Name	*District*	*Term Expires*
Steve Bird, Mayor	At-Large	November 2028
Jim Ernest, Vice Mayor	1	November 2026
Thom Bogue, Council Member	2	November 2026
Kevin Johnson, Council Member	3	November 2028
Don Hendershot, Council Member	4	November 2028

Source: City of Dixon.

City Management

A summary of certain City executive staff are described below.

City Manager. The City Manager has the responsibility for hiring the City's department directors and for administering the City's programs in accordance with the policies adopted by the City Council. The mission of the City Manager's Office is to assist the City Council in establishing community goals and policies and provide leadership and direction in the administration of all City Departments and services.

The City Manager is responsible for providing support and advice to the City Council; offering leadership and policy support for departments; fostering community partnerships and interagency collaboration; connecting citizens with their community; providing legislative policy support; and guiding the City's continuing transformation to a highly customer focused team. The City Manager's Department also includes the public information office and economic development.

The City Manager is responsible for the efficient and effective operation of all City departmental programs and services. The City Manager advises the City Council on the financial condition of the City; makes recommendations to the City Council on all legislative policy matters and supervises all of the appointed department managers, with the exception of the City Attorney, who is appointed by the City Council. The City Manager also functions as the Executive Director of the Dixon Financing Authority.

The City's current City Manager is Melissa Eads. Ms. Eads began serving as the City Manager of the City in August 2026. Ms. Eads has over 20 years of public service, 10 of which were spent serving as a City Manager. Prior to joining the City of Dixon, Ms. Eads served as City Manager to the City of Sonora. Ms. Eads holds a Master's Degree in Public Administration from California State University Stanislaus and a Bachelor's degree in Liberal Studies.

Assistant City Manager. The Finance Director role at the City of Dixon is performed by the Assistant City Manager. This role assumes the full management responsibilities for all Finance Department services and activities, including finance, budgeting, treasury, accounting, purchasing, payroll, revenues, risk management, and customer service.

The City's current Assistant City Manager and Finance Director is Kate Zawadzki. Ms. Zawadzki joined the City in January 2010 as the Accounting Manager, was promoted to Deputy Finance Director in January 2013, and became the Finance Director in October 2019. Ms. Zawadzki holds a Master's Degree in Public Administration from California State University, Dominguez Hills and a Bachelor's Degree in Accounting from Sonoma State University.

Employees and Employee Relations

For Fiscal Year 2025-26, the City had approximately 151 full-time authorized positions, of which approximately 140 are filled. The City also employs approximately 23 part-time employees. In accordance with the provisions of California Government Code Section 3500, the City participates in labor negotiations with its employee associations. The result of the negotiations processes is memorialized in memoranda of understanding (each an "MOU") reached between the City and the City employee associations. The table below lists the City's employee associations and the approximate membership as of June 15, 2026, as well as the unrepresented executive employees:

Unit/Affiliation	*Contract Expiration Date*	*Number of Members*[3]
Dixon Mid-Manager's and Supervisor's Association	June 30, 2028	16
Dixon Police Officers Association	June 30, 2028	25
The Dixon Professional Firefighters Association Local 4665	June 30, 2027	19
Dixon Public Safety Mid-Management Association[1]	June 30, 2026	5
Public Employees Union, Local One	June 30, 2028	57
Unrepresented Management[2]	N/A	18
Total		140

(1) Currently under negotiation.
(2) Represents the City's central management employees, which are not represented by any bargaining unit.
(3) Represents filled positions.
Source: City of Dixon.

Risk Management

For more information with respect to the insurance requirements under the Lease Agreement, see the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS—Insurance" in this Official Statement.

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; general liability; errors and omissions; injuries to employees; and natural disasters.

The City is a member of the Northern California Cities Self Insurance Fund ("NCCSIF") for general liability and employment practices coverage. The NCCSIF is a joint powers authority organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. NCCSIS provides claims processing, administrative services, risk management services, and actuarial studies. A member from each city governs the NCCSIF. The City Council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. The City does not retain the risk of loss. However, ultimate liability for payment of claims and insurance premiums resides with member cities. If NCCSIF becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

The NCCSIF established claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not yet settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The NCCSIF is a member of the California Joint Powers Risk Management Authority ("CJPRMA"), a statewide member-directed excess liability risk retention pool that was established in 1986 to provide excess general liability coverage for its member entities. NCCSIF joined CJPRMA in 1993 to secure excess liability coverage for its member cities above the NCCSIF pooled retention. CJPRMA's current membership is composed of 15 cities and 2 joint powers authorities, representing approximately 51 cities and towns in Northern California. Through NCCSIF's membership in CJPRMA, the City and the other NCCSIF member cities obtain access to CJPRMA's Excess Liability Program, which provides up to $40 million in excess liability coverage on a shared-risk basis. Under this layered structure, the City self-insures liability claims from $0 to $100,000, NCCSIF provides shared-risk coverage for claims from $100,001 to $500,000, and CJPRMA provides shared-risk excess liability coverage for claims from $500,001 to $40,000,000. For workers' compensation, the City self-insures from $0 to $100,000, NCCSIF provides shared-risk coverage from $100,001 to $500,000, and excess coverage from $500,001 to $200,000,000 is provided through CJPRMA on a shared-risk basis. CJPRMA member contributions are based upon payroll, with rates established through an actuarial study conducted annually. Participation in CJPRMA's liability program is mandatory for all CJPRMA members.

The City's contribution to NCCSIF for the Fiscal Year ended June 30, 2025, was $845,973 and for the Fiscal Year ended June 30, 2024, was $785,453. For the Fiscal Year ended June 30, 2025, NCCSIF had net assets of $35,245,520 and a net income of $8,897,038.

Settled claims have not exceeded any of the City's coverage amounts in any of the last three Fiscal Years and there were no reductions in the City's insurance coverage during the year ended June 30, 2025. For additional information about the City insurance policies, see Note 13 to the City's audited financial statements for Fiscal Year 2024-25 attached hereto as Appendix C.

CITY FINANCIAL INFORMATION

Accounting and Financial Reporting

The City maintains its accounting records in accordance with Generally Accepted Accounting Principles ("GAAP") and the standards established by the Governmental Accounting Standards Board ("GASB").

The City's government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. Eliminations have been made to minimize the double counting of internal activities; however, interfund services provided and used are not eliminated in the process of consolidation. The statements distinguish between governmental activities, which are generally financed through taxes, intergovernmental revenues and other nonexchange revenues, and business-type activities, which are financed in whole or in part by fees charged to external parties for goods or services.

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 (1) charges paid by the recipients of goods or services offered by the programs; (2) grants and contributions that are restricted to meeting the operational needs of a particular program; and (3) 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.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds. Major governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Under the economic resources measurement focus, all economic resources and obligations (both current and long-term) of the reporting government are reported in the government-wide financial statements. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Grant revenues are recognized in the Fiscal Year in which all eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City defines available to be within 60 days of year-end, except for sales tax revenues, which are considered available within 90 days. Expenditures (including capital outlay) are recorded when the related fund liability is incurred. However, general obligation bond principal and interest are reported when due.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services.

The General Fund is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in other funds. The City also reports three other major governmental funds: the Housing Successor Agency special revenue fund, the Recreation Improvements capital projects fund, and the Transportation capital projects fund. The City's major proprietary funds are the Sewer Fund, the Transit Fund, and the Water Fund. The City also reports nonmajor governmental funds consisting of various special revenue and capital project funds, as well as fiduciary funds consisting of a private-purpose trust fund (which accounts for the fiduciary responsibilities of the Successor Agency to the former Redevelopment Agency of the City of Dixon) and custodial funds. For more information regarding the funds of the City, see Note 1 to the City's audited financial statements for Fiscal Year 2024-25 attached to this Official Statement as Appendix C.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

Amounts reported as program revenues include (1) charges paid by the recipients of goods or services offered by the programs; (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function; and (3) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. General revenues include all taxes and investment income.

All proprietary funds utilize the accrual basis of accounting. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal operations. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for proprietary 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Because the General Fund is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in other funds, the City expects to pay Base Rental Payments from amounts in the General Fund. Tables 3 and 4 below set forth certain historical audited financial results and current and prior Fiscal Year budget information for the General Fund. Tables 5 and 6 show the audited five-year trend of the General Fund's revenues and expenditures and balance sheet. Information on the other governmental funds of the City as of June 30, 2025 is set forth in Appendix C.

City Component Units and Discrete Component Units

General. GAAP requires that the City's financial statements present the City (the primary government) and its component units. Component units generally are legally separate entities for which a primary government is financially accountable. The accompanying financial statements present the financial activities of the City along with the financial activities of its blended component units, which are entities for which the City is financially accountable. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component units, which are described below, are all blended.

Dixon Public Financing Authority. The Dixon Public Financing Authority was formed as a joint powers authority between the City and the former Redevelopment Agency to serve as a financing mechanism of various capital projects. The City Council acts as the governing board and the legal liability for the Dixon Public Financing Authority's debt remains with the City. The Dixon Public Financing Authority has no outstanding debt and will be dissolved when the Successor Agency to the former Dixon Redevelopment Agency is dissolved.

Dixon Public Improvement Corporation. The Dixon Public Improvement Corporation is governed by a board comprised of the City Council and was formed to assist the City in the incurrence of debt. All Dixon Public Improvement Corporation debt has been repaid.

Dixon Financing Authority. The Dixon Financing Authority was formed in 2026 as a joint exercise of powers authority between the City and the Dixon Industrial Development Authority to serve as a financing mechanism of various capital projects. The City Council acts as the governing board in a concurrent session, as necessary. The bond issuance authorizations are approved by the City Council and the legal liability for the Authority's debt remains with the City. The Authority provides services solely for the benefit of the City. The Dixon Financing Authority (referred to herein as the "Authority") is expected to be included as a component unit in the City's financial statements in the future.

For more information regarding the City's component units, see Note 1 to the City's audited financial statements for Fiscal Year 2024-25 attached to this Official Statement as Appendix C.

Financial Policies

General. The City has adopted a number of formal fiscal policies by resolution, including a Budget Policy, an Investment Policy, a Purchasing Policy, a Debt Policy, and a Fixed Assets Capitalization, Inventory and Control and Replacement Policy. The City follows the fund reserve policy recommendation set by the City Council for the General Fund at a minimum level of 25% operating reserve. The City Council is required to adopt an annual balanced budget by June 30th each year, and the annual budget is adopted by resolution and serves as the foundation for the City's financial planning and control. The City Council may amend the budget by majority vote at any time after adoption. A summary of certain of these City Council policies is set forth below.

Fund Reserve Policy. The City Council has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund. The Fund Reserve Policy sets a goal to maintain a reserve level of 25% of annual General Fund expenses or higher. If reserves fall below 15%, the City will reopen and renegotiate employment contracts. The City will make all necessary reductions in expenses to maintain a minimum of 5% reserve. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur.

The City ended Fiscal Year 2024-25 with an unrestricted General Fund balance of $28,235,918, up from $27,008,486 in the prior year. The Fiscal Year 2026-27 proposed budget projects General Fund reserves at approximately 44.82% of expenditures, down from a projected 53.29% in Fiscal Year 2025-26.

Debt Management Policy. The City has adopted a debt management policy (the "Debt Management Policy") in compliance with California Government Code Section 8855. The Debt Management Policy generally provides that long-term debt may be issued to finance or refinance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment, and land to be owned and/or operated by the City and that the City will primarily consider the use of debt financing for capital improvement projects when the project's useful life will equal or exceed the term of the financing or otherwise comply with federal tax law requirements, and when resources are identified sufficient to fund the debt service requirements. The Debt Management Policy also generally provides that short-term financing, such as tax and revenue anticipation notes, may be considered for prudent cash management purposes and conduit financing and as an interim source of funding in anticipation of long-term borrowing. The Debt Management Policy also includes a policy implementing disclosure procedures in compliance with federal securities laws. The City's Debt Management Policy is reviewed by City staff periodically to ensure compliance with State and Federal laws.

Investment Policy. The City invests its funds in accordance with the City's Investment Policy. In accordance with Section 53600 et seq. of the California Government Code, investments and cash management are the responsibility of the City Treasurer. The City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. Interest income earned on pooled cash and investments is allocated monthly to the various funds based on the ending cash balances of the previous quarter in each fund receiving interest.

Eligible investments authorized by the City's Investment Policy include: banker's acceptances (180 days maximum maturity, 40% maximum portfolio, 5% maximum per issuer); California Asset Management Program; California local agency debt (5 years, 30%, 5%); commercial paper (270 days, 25%, 5%); federal government securities (5 years, no limit); local agency bonds (5 years, 30%, 5%); Local Agency Investment Fund (LAIF) (up to $75,000,000); medium-term corporate notes (5 years, 30%, 5%); money market mutual funds (20% maximum portfolio); mortgage-backed and asset-backed securities (5 years, 20%, 5%); negotiable certificates and time deposits (5 years, 30%, 5%); non-negotiable certificates and time deposits (5 years, 30%, $250,000 per issuer); supranationals (5 years, 30%); and U.S. Treasury obligations (5 years, no limit).

At June 30, 2026, the City had total cash and investments of $172,035,425, consisting of $3,554,518 in cash and cash equivalents and $168,480,907 in investments. There were no investments in any one issuer (other than mutual funds and external investment pools) at June 30, 2025, that represented 5% or more of total City investments.

TABLE 1
CITY OF DIXON
SUMMARY OF INVESTMENTS
(AS OF JUNE 30, 2025 AND JUNE 30, 2026)

	Market Value	
Investment Type	***As of June 30, 2025***	***As of June 30, 2026***
Asset-backed securities	$ 17,330,870	$ 21,481,640
Government collateralized mortgage obligation	10,288,170	11,577,961
California asset management program	37,251,688	29,106,956
Certificates of deposit	432,509	0.00
Corporate bonds	23,547,774	32,348,487
Money market mutual funds	290,802	155,880
International bonds	4,234,260	1,713,699
U.S. Treasury	36,511,560	48,743,191
Municipal bonds	648,808	983,932
Supranational Inst Debt	-	1,702,899
Local Agency Investment Fund	9,505,684	9,899,319
Held by Fiscal Agent		
Money market mutual funds	10,038,265	10,766,943
Total	**$ 150,080,390**	**$ 168,480,907**

Source: City of Dixon.

For additional details regarding the City's investments, see Note 2 to the City's audited financial statements for Fiscal Year 2024-25 attached to this Official Statement as Appendix C.

Budget Procedure, Current Budget and Historical Budget Information

Budget Procedure. The City Council establishes budgets for all governmental funds on a basis consistent with generally accepted accounting principles, with the exception of capital projects which are budgeted on a project-length basis. The City Manager submits a proposed budget to the City Council for the following Fiscal Year beginning July 1. The preliminary budget may or may not be amended by the City Council after public hearings are held and is adopted by City Council resolution prior to July 1 in accordance with the municipal code. The City Council may amend the budget by motion during the Fiscal Year. Budgetary control is legally maintained at the department level for the General Fund and at the fund level for all other funds. Expenditures may not legally exceed appropriations at the department level for the General Fund and at the fund level for all other funds, which is the legal level of control. The City Manager is authorized to transfer budgeted amounts between an object or purpose within any department. However, the City Council must approve revisions that alter the total expenditures of any department. The budget can also be amended during quarterly updates, which are accompanied by an update to the five-year financial forecast. Supplemental appropriations, which increase appropriations, may be made during the Fiscal Year.

Fiscal Year 2026-27 Adopted Budget. The City Council adopted the annual budget for Fiscal Year 2026-27 (the "2026-27 Budget") on June 2, 2026. The 2026-27 Budget includes revenues and transfers of $79.3 million and appropriations of $65.1 million for all funds. Existing balances within the funds will be used for any fund in which proposed expenditures exceed projected revenues.

With respect to the City's General Fund, the 2026-27 Budget includes $35.5 million in revenues and $36.8 million in expenditures, resulting in projected expenditures exceeding revenues by $1.3 million. Of these excess expenditures, $0.9 million is represented by one-time purchases and capital purchases, resulting in a structurally imbalanced budget by $0.4 million. General Fund reserves are projected to decrease from

53.29% in Fiscal Year 2025-26 to 44.82% in Fiscal Year 2026-27. Salaries and benefits represent 71% of the 2026-27 Budget, with Public Safety personnel comprising 61% of these costs.

Sales tax receipts in Fiscal Year 2026-27 are projected to increase slightly from $16.2 million to $16.3 million, of which $5.3 million is represented by the increase in the sales tax rate approved by voters in November 2024. Revenues from property taxes are projected to increase 10% in Fiscal Year 2026-27 due to residential growth. Transient Occupancy Taxes remain below pre-pandemic levels as the hospitality industry has had an extended recovery period compared to other industries.

The revenue projections included in the 2026-27 Budget assume continued economic stability. No projections for ongoing labor negotiations have been included in the 2026-27 Budget and adjustments may be necessary following contract approvals.

Five-Year Plan. The City of Dixon prepares a five-year financial forecast that is updated regularly throughout the year. It begins with the annual budget preparation and is shared with the City Council during the budget study session. City staff provides quarterly budget updates to the City Council in October, March, and April and the financial projections are also updated. The City has an on-going practice of using a conservative revenue projection strategy which results in a deficit projection. Historically, this has not been realized and the City has concluded each year with a surplus. See Table 3. The City's revenues and expenses fluctuate from year to year, and no assurance can be provided that the assumptions on which the five-year plan are based will be realized. The current forecast reflects deficits starting in Fiscal Year 2026-27 through Fiscal Year 2029-30, with the highest deficit in Fiscal Year 2029-30. See the caption "CITY FINANCIAL INFORMATION—Financial Policies—Fund Reserve Policy" regarding the City's Fund Reserve Policy.

Capital Improvement Program. The City Council adopts a five-year capital improvement program ("CIP") annually in accordance with Government Code Sections 65103 and 65104. The CIP is the primary planning tool used to identify projects, funding sources, and schedule implementation over the next five years. The CIP is categorized by department and traditionally includes construction projects to rehabilitate existing facilities and to construct new facilities to serve the needs of projected growth.

The City adopted its most recent CIP for Fiscal Years 2026-27 through 2030-31 on September 1, 2026. Capital funds account for the acquisition, construction, maintenance, and rehabilitation of fixed assets or capital projects, such as land, buildings, streets, curbs, gutters, sidewalks, drainage, water/sewer systems, and equipment. The City's CIP projects are grouped into categories by department. The following table sets forth the City's projected Five-Year CIP expenditures by CIP category. Total CIP appropriations for the five years total $31.7 million and appropriations for Fiscal Years 2025-26 and 2026-27 are approximately $34.6 million and $14.7 million, respectively. The City expects to issue water revenue bonds in Fiscal Year 2026-27 or later, to finance all or a portion of the water projects described below. Other than the Project and such water revenue bonds, the City does not expect to issue new debt to finance any of the projects described in this paragraph and the following table. See the caption "THE PROJECT."

TABLE 2
CITY OF DIXON
CAPITAL IMPROVEMENT PLAN
(FISCAL YEARS 2026-27 THROUGH 2030-31)

Project Description	***Fiscal Year 2026-27***	***Fiscal Year 2027-28***	***Fiscal Years 2028-29 through 2030-31***	***Total***
Wastewater (Rehab)[1]	$ 1,500,000	$ 0	$ 0	$ 1,500,000
Wastewater (Mixed)[1]	17,000	17,000	17,000	51,000
Water (Rehab)[1]	3,750,000	1,505,000	4,575,000	9,830,000
Fire	0	10,500,000	0	10,500,000
Police	5,600,000	0	0	5,600,000
Storm Drain Facilities	0	0	545,000	545,000
Transportation[2]	0	1,398,000	7,022,000	8,420,000
Parks	0	0	570,000	570,000
Total	$10,867,000	$ 13,420,000	$12,729,000	$ 37,016,000

(1) Wastewater and Water projects are expected to be funded with enterprise funds, including proceeds from the potential sale of water revenue bonds.
(2) Transportation projects are expected to be funded primarily with development impact fees.
Source: City of Dixon.

Historical and Preliminary Budget Information. Tables 3 presents the adopted General Fund budgets for Fiscal Years 2023-24 and 2024-25 and the audited results for Fiscal Year 2023-24 and 2024-25. Table 4 presents the adopted General Fund budgets for Fiscal Years 2025-26 and 2026-27, with budgeted expenditures broken down by department and by type. The General Fund budgets and actuals shown in Tables 3 and 4 below do not reflect the application of GAAP and therefore differ in certain respects to the audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance shown in Table 5 below. The City estimates total revenues for Fiscal Year 2025-26 were approximately $35.3 million, which is approximately $0.9 million above the amended budget, and total expenditures for Fiscal Year 2025-26 were approximately $33.7 million, which is approximately 2.7 million below the amended budget.

TABLE 3
CITY OF DIXON
GENERAL FUND BUDGETS TO ACTUAL COMPARISONS (ON A BUDGETARY BASIS)

	Adopted Fiscal Year 2023-24 Budget	*Audited Fiscal Year 2023-24 Results*	*Adopted Fiscal Year 2024-25 Budget*	*Audited Fiscal Year 2024-25 Results*
REVENUES				
Taxes	$ 21,361,060	$ 21,331,596	$ 23,066,328	$ 23,391,115
Assessments	997,160	1,135,491	1,282,604	1,409,308
Licenses and permits	995,000	1,289,964	1,708,620	1,486,993
Use of money and property	562,279	1,302,658	662,295	1,455,252
Intergovernmental	761,060	648,105	334,674	453,396
Charges for services[1]	8,100,034	4,177,085	8,347,014	2,378,883
Contributions	493,286	748,711	468,500	362,887
Other revenues	3,424,772	1,503,999	7,133,904	3,515,556
Total revenues	$ 36,694,651	$ 32,137,609	$ 43,003,939	$ 34,453,390
EXPENDITURES				
Current operations:				
General government	$ 6,682,706	$ 5,823,616	$ 7,556,525	$ 6,968,984
Public safety	15,602,479	14,825,410	16,284,495	15,870,451
Public works	7,336,080	2,472,648	5,358,709	4,989,841
Community development[1]	6,400,991	2,908,396	15,032,743	4,447,056
Parks and recreation	3,435,375	3,212,939	775,745	668,041
Capital outlay	617,817	580,426	592,088	426,090
Debt Service				
Principal	552,247	511,613	160,761	111,708
Interest and fiscal charges	--	52,362	--	47,826
Total expenditures	$ 40,627,695	$ 30,387,410	$ 45,761,066	$ 33,529,997
Excess (deficiency) of revenues over (under) expenditures	$ (3,933,044)	$ 1,750,199	$ (2,757,127)	$ 923,393
OTHER FINANCING SOURCES (USES)				
Transfers in[2]	$ 2,902,012	$ 2,668,161	$ 1,359,478	$ 1,301,909
Transfers out[2]	(1,527,195)	(284,265)	(997,473)	(762,814)
Debt issuance proceeds	--	422,226	--	--
Total other financing sources (uses)	$ 1,374,817	$ 2,806,122	$ 362,005	$ 539,095
Net Change in fund balance	$ (2,558,227)	$ 4,556,321	$ (2,395,122)	$ 1,462,488
Fund balance, beginning of year[3]		$ 22,452,165		$ 26,773,430
Fund balance, end of year		$ 27,008,486		$ 28,235,918

(1) The variance for Charges for Services revenues and Community Development expenditures is due to the budget including project development agreements which are multi-year projects and are not completed in the fiscal budget year. The budget also includes any carryovers and new project development agreements.

(2) Other financing sources and uses results from the addition of leases and subscriptions to the financial statements as required by Governmental Accounting Standards Board statements 87 and 96.

(3) Beginning of year fund balance for Fiscal Year 2023-24 reflects restatement resulting in a reduction of $1,598 to correct an error. Beginning of year fund balance for Fiscal year 2024-25 reflects a restatement resulting in an increase of $235,056 to correct an error.

Source: City of Dixon Audited Financial Statements for Fiscal Years 2023-24 and 2024-25.

TABLE 4
CITY OF DIXON
ADOPTED BUDGETS FOR FISCAL YEARS 2025-26 AND 2026-27
(ON A BUDGETARY BASIS)

	Amended Fiscal Year 2025-26 Budget	*Adopted Fiscal Year 2026-27 Budget*
REVENUES		
Property taxes	$ 6,912,372	$ 7,612,007
Sales taxes	11,071,000	11,094,000
Additional use tax(1)	5,135,000	5,254,000
Motor vehicle in lieu taxes	2,818,800	2,953,113
Franchise fees	958,629	995,400
Transient occupancy taxes	430,000	430,000
All other taxes	386,530	392,300
Admin fees	240,300	245,100
Charges for services/permits/fees	3,425,319	3,373,861
Grants	79,550	--
Interest income	387,000	329,460
Other revenues	210,060	621,920
Total revenues	$ 32,054,560	$ 33,301,161
Transfers in	2,399,217	2,222,079
Total revenues and transfers	$ 34,453,777	$ 35,523,240
EXPENDITURES BY DEPARTMENT		
General government	$ 8,003,126	$ 8,515,259
Public safety	19,025,137	19,253,235
Public works	6,360,903	5,887,997
Community development	1,264,766	1,470,985
Parks and recreation	1,213,203	1,220,942
Non departmental	534,696	547,609
Total expenditures by department	$ 36,401,831	$ 36,896,027
EXPENDITURES BY TYPE		
Salaries/Benefits	$ 23,850,728	$ 26,317,795
Operating Expenses	10,296,846	9,893,302
Capital Outlay	2,010,874	436,819
General Fund Transfers	243,383	248,111
Total expenditures by type	$ 36,401,831	$ 36,896,027

Source: City of Dixon Adopted Budgets for Fiscal Year 2025-26 and Fiscal Year 2026-27.
(1) Represents receipts under Measure J.

Comparative Change in Fund Balance of the City General Fund

The table below presents the City's audited General Fund Statement of Revenues, Expenditures and Change in Fund Balance for Fiscal Years 2020-21 through 2024-25.

TABLE 5
CITY OF DIXON GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

	2020-21	*2021-22*	*2022-23*	*2023-24*	*2024-25*
REVENUES					
Taxes[(1)]	$ 16,033,687	$ 18,787,746	$ 19,025,659	$ 21,331,596	$ 23,391,115
Assessments[(2)]	231,976	152,768	155,396	1,135,491	1,409,308
Licenses and permits	1,363,196	1,411,196	1,133,115	1,289,964	1,486,993
Use of money and property	186,688	(171,758)	601,373	1,302,658	1,455,252
Intergovernmental[(3)]	1,971,965	2,039,928	2,281,266	648,105	453,396
Charges for services[(4)]	5,406,486	4,715,131	4,356,504	4,177,085	2,378,883
Contributions	782,414	755,899	611,284	748,711	362,887
Developer participation	847,115	759,240	425,315	--	--
Other revenues[(5)]	570,404	342,429	843,030	1,503,999	3,515,556
Total revenues	$ 27,393,931	$ 28,792,579	$ 29,432,942	$ 32,137,609	$ 34,453,390
EXPENDITURES					
Current					
General government	$ 4,189,883	$ 4,673,671	$ 5,315,966	$ 5,823,616	$ 6,968,984
Public safety	12,341,167	12,200,210	13,917,514	14,825,410	15,870,451
Public works[(6)]	2,991,504	3,329,289	2,480,021	2,472,648	4,989,841
Community development[(7)]	1,581,353	2,946,927	3,088,671	2,908,396	4,447,056
Parks and recreation[(8)]	2,459,903	2,690,349	2,933,075	3,212,939	668,041
Capital outlay	643,293	610,164	1,216,813	580,426	426,090
Capital outlay – leases	--	699,033	--	--	--
Debt Service					
Principal	53,964	61,711	499,372	511,613	111,708
Lease principal	--	280,338	--	--	--
Interest and fiscal charges	61,700	77,842	1,198	52,362	47,826
Total Expenditures	$ 24,322,767	$ 27,569,534	$ 29,452,630	$ 30,387,410	$ 33,529,997
Excess (deficiency) of revenues over (under) expenditures	$ 3,071,164	$ 1,223,045	$ (19,688)	$ 1,750,199	$ 923,393
OTHER FINANCING SOURCES (USES)					
Lease financing	$ --	$ --	$ 42,868	$ --	$ --
Subscription financing	--	--	766,877	--	--
Debt issuance proceeds	--	--	--	422,226	--
Leases	--	290,714	--	--	--
Transfers in	1,046,404	1,022,216	2,005,655	2,668,161	1,301,909
Transfers out	(995,619)	(2,145,964)	(251,035)	(284,265)	(762,814)
Total other financing sources (uses)	$ 50,785	$ (833,034)	$ 2,564,365	$ 2,806,122	$ 539,095
Net change in fund balances	$ 3,121,949	$ 390,011	$ 2,544,677	$ 4,556,321	$ 1,462,488
Prior period restatement[(9)]	$ --	$ 107,921	$ --	$ (1,598)	$ (235,056)
Fund balance, beginning of year	$ 16,289,205	$ 19,519,075	$ 19,909,086	$ 22,452,165	$ 26,773,430
Fund balance, end of year	$ 19,411,154	$ 19,909,086	$ 22,453,763	$ 27,008,486	$ 28,235,918

(1) See Table 7 and the caption "—Tax Revenues By Source." Taxes for Fiscal Years 2020-21, 2021-22 and 2022-23 excludes VLF and taxes for Fiscal Year 2024-25 excludes business licenses taxes.
(2) Increase in assessments in Fiscal Year 2023-24 reflects a change in reporting. Prior to Fiscal Year 2023-24 the Public Benefit fee was grouped with Charges for Services.
(3) Decrease in Intergovernmental revenues in Fiscal Year 2023-24 is due to the recognition and expenditure of remaining American Rescue Plan Act (ARPA) revenues in prior years.
(4) Charges for Services fluctuates based on permitting and inspection revenue. Also, prior to Fiscal Year 2023-24 the Public Benefit fee was grouped with Charges for Services.
(5) Increase in Other Revenues in Fiscal Year 2024-25 is due to a change in reporting. A portion of the Fiscal Year 2024-25 Other Revenue was previously recognized as Charges for Services.
(6) Increase in Public Works expenditures for Fiscal Year 2024-25 is due to a change in reporting practice of governmental funds by expenditure function.
(7) Increase in Community Development expenditures is due to increased development activity in Fiscal Year 2024-25.
(8) In Fiscal Year 2024-25, expenses previously classified as Parks and Recreation were reclassified as Public Works. The Parks and Recreation function of the City is a division in the City's Public Works Department.
(9) Reflects restatement of prior year ending balance for correction of certain errors.
Source: City of Dixon Audited Financial Statements for Fiscal Years 2020-21 through 2024-25.

Comparative General Fund Balance Sheets of the City

The table below presents the City's audited General Fund Balance Sheets for Fiscal Years 2020-21 through 2024-25.

TABLE 6
CITY OF DIXON
GENERAL FUND BALANCE SHEETS
FIVE YEAR COMPARISON

	2020-21	*2021-22*	*2022-23*	*2023-24*	*2024-25*
ASSETS					
Pooled cash and cash investments	$ 19,507,046	$ 19,617,875	$ 22,271,691	$ 25,609,358	$ 27,057,579
Receivables:					
Accounts	456,107	319,712	125,906	525,113	765,298
Taxes	2,226,901	3,040,535	2,391,824	2,183,404	2,992,274
Accrued interest	63,767	37,834	146,767	128,639	173,461
Due from other governments	487,316	465,718	521,794	444,802	544,425
Grants	--	--	20,000	6,190	--
Notes and loans, net of allowance	150,000	150,000	150,000	148,473	141,891
Leases	--	1,294,836	1,176,879	1,004,117	890,207
Due from other funds	80,290	592,699	823,119	1,049,536	2,430
Inventories	1,150	4,354	3,552	1,465	753
Prepaid costs	449,773	385,269	622,286	800,400	876,362
Restricted assets					
Cash and investments	194,551	241,722	--	--	--
Total assets	$ 23,616,901	$ 26,150,554	$ 28,253,818	$ 31,901,497	$ 33,444,680
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 2,803,073	$ 2,551,636	$ 1,745,155	$ 1,344,380	$ 1,844,162
Accrued liabilities	211,344	235,264	511,292	764,359	424
Accrued payroll and benefits	--	--	--	--	720,725
Unearned revenues	--	--	359,154	416,406	88,078
Deposits payable	848,578	1,983,235	2,050,651	1,418,973	927,318
Total liabilities	$ 3,862,995	$ 4,770,135	$ 4,666,252	$ 3,944,118	$ 3,580,707
Deferred inflows of resources:					
Unavailable revenues	$ 342,752	$ 345,606	$ --	$ --	$ 802,537
Leases	--	1,125,727	1,133,803	948,893	825,518
Total deferred inflows	$ 342,752	$ 1,471,333	$ 1,133,803	$ 948,893	$ 1,628,055
Fund balances:					
Non-spendable	$ 600,923	$ 539,623	$ 775,838	$ 950,338	$ 1,018,253
Restricted	1,581,382	980	980	980	980
Committed	--	--	761,125	291,237	372,444
Assigned	3,498,491	3,686,545	3,708,234	4,631,731	4,807,969
Unassigned	13,730,358	15,681,938	17,207,586	21,134,200	22,036,272
Total fund balances	$ 19,411,154	$ 19,909,086	$ 22,453,763	$ 27,008,486	$ 28,235,918
Total liabilities, deferred inflows of resources, and fund balances	$ 23,616,901	$ 26,150,554	$ 28,253,818	$ 31,901,497	$ 33,444,680

Source: City of Dixon Audited Financial Statements for Fiscal Years 2020-21 through 2024-25.

Tax Revenues By Source

The City derives its General Fund tax revenues from a variety of sources including *ad valorem* property taxes, sales and use taxes, franchise taxes, a real property transfer tax and transient occupancy taxes. The City's total General Fund tax revenues by source for the five most recent Fiscal Years are set forth below.

TABLE 7
CITY OF DIXON
GENERAL FUND TAX REVENUES BY SOURCE

Revenue Category	*2020-21*	*2021-22*	*2022-23*	*2023-24*	*2024-25*	*2025-26 (estimated)*
Sales and use taxes[(1)]	$ 10,148,251	$ 12,320,812	$ 12,021,281	$ 11,638,698	$ 12,743,191	$ 15,753,442
Property taxes	4,689,996	5,067,873	5,490,216	5,897,389	6,765,799	7,079,561
Motor vehicle in lieu (VLF)	1,822,001	1,914,459	2,125,915	2,294,877	2,570,505	2,818,801
Franchise taxes	677,585	753,635	841,074	901,165	953,273	972,472
Business licenses taxes	99,757	121,740	143,814	158,362	161,283	174,519
Transient occupancy taxes	418,098	523,686	529,274	441,105	358,347	331,237
Total	$ 17,855,688	$ 20,702,205	$ 21,151,574	$ 21,331,596	$ 23,552,398	$ 27,130,032

(1) Beginning April 1, 2025, includes sales and use taxes received under the City's Measure J.
Source: City of Dixon.

Sales Taxes

General. During Fiscal Year 2025-26, sales tax receipts of approximately $15.8 million provided the largest tax revenue source for the City, contributing approximately 50% of total General Fund revenues. General Fund sales tax revenues of approximately $16.3 million are budgeted to be received during Fiscal Year 2026-27. A sales tax is imposed on retail sales or consumption of personal property. The basic sales tax rate is established by the State Legislature, and local overrides may be approved by voters. The current total sales tax rate in the City is 8.375%, which includes the basic sales tax rate and the 1% transactions and use tax imposed by the City's Measure J.

Measure J was approved by the voters of the City on November 5, 2024, and imposes an additional one percent transaction and use tax within the City, effective April 1, 2025. Measure J is a general tax that required simple majority voter approval. Revenues from Measure J go to the City's General Fund for general City services, including public safety. Of the $16.3 million in projected sales tax receipts in Fiscal Year 2026-27, approximately $5.3 million is represented by the increase in the sales tax rate approved by voters under Measure J.

The top 25 sales tax producers represent approximately 89% of sales tax revenue received, and Dixon's per capita sales remain the highest in Solano County and exceed both the Bay Area and the State of California. The City's sales tax base is diverse and comprised of the following categories: Apparel Stores, Eating and Drinking Places, Building Materials, Service Stations, Other Retail Stores, and All Other Outlets.

The table below sets forth the top twenty-five sales tax producers as of the first quarter of 2026, in alphabetical order.

TABLE 8
CITY OF DIXON
TOP 25 SALES TAX PRODUCERS
(AS OF MARCH 31, 2026)

Altec Industries
Altec Service Center
Arco AM PM
Basalite Concrete Products
Beacon Gas
Cardinal Health
Cattlemens
Chevron
Dixon Ace Hardware
Dixon Landscape Materials
Gone Fishin' Marine
Highway 80 Dispensary
KUIU
McDonald's
N & S Tractor
Popeyes
Powerscreen
Ramos Dixon Shell
Ron Du Pratt Ford
Rotten Robbie
Safeway
Safeway Fuel
TEC Equipment
Tractor Supply
Walmart Supercenter

Source: Hdl, Coren & Cone.

The following table shows taxable sales by category for the last six calendar years.

TABLE 9
CITY OF DIXON
TAXABLE SALES BY CATEGORY
(000's)

Major Business Groups	***2020***	***2021***	***2022***	***2023***	***2024***	***2025***
Apparel Stores	$ 200	$ 238	$ 357	$ 365	$ 207	$ 155
Food Stores	8,714	9,750	10,320	10,980	11,017	11,209
Eating and Drinking Places	37,711	49,200	54,683	54,371	57,778	58,272
Building Materials	30,591	36,027	32,996	33,137	22,391	21,506
Service Stations	58,531	82,517	103,904	86,682	74,476	59,093
Other Retail Stores	223,531	236,157	248,877	267,031	256,446	277,352
All other outlets	615,666	680,638	731,847	739,544	729,698	682,943
Total	$ 974,943	$ 1,115,526	$ 1,174,886	$ 1,192,111	$ 1,152,015	$ 1,110,591

Source: State Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, the HdL Companies.

Property Taxes

During Fiscal Year 2025-26, property tax receipts of approximately $7.1 million provided the second largest tax revenue source of the City, contributing approximately 20.3% of total General Fund revenues. General Fund property tax revenues of approximately $7.6 million are budgeted to be received during Fiscal Year 2026-27. Several years ago, the Statewide Department of Motor Vehicles license fees ("VLF") were reduced by approximately two-thirds. However, the State continued to remit to cities and counties the same amount that those local agencies would have received if the VLF had not been reduced, known as the "VLF backfill." The State VLF backfill was phased out, and as of Fiscal Year 2011-12, all of the VLF is now received through an in-lieu payment from State property tax revenues referred to as Property Taxes in lieu of VLF. The City accounts for such in-lieu payments separate from property tax receipts.

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The secured classification includes property on which any property tax levied by a county becomes a lien on that property. A tax levied on unsecured property does not become a lien against the taxed unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens, arising pursuant to State Law, on the secured property, regardless of the time of the creation of other liens. The valuation of property is determined as of January 1 each year, and installments of taxes levied upon secured property are due November 1 and February 1 and become delinquent on the following December 10 and April 10, respectively. Taxes on unsecured property are due July 1, and become delinquent August 31.

Secured and unsecured properties are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property. The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of the property securing the taxes of the State for the amount of taxes that are delinquent. The taxing authority has four methods of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the County Recorder's Office in order to obtain a lien on certain property of the taxpayer, and (4) seizure and sale of personal property, improvement or possessory interest belonging or taxable to the assessee.

A ten percent penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, beginning on the July 1 following a delinquency, interest begins accruing at the rate of 1 1/2% per month on the amount delinquent. Such property may thereafter be redeemed by the payment of the delinquent taxes and the ten percent penalty, plus interest at the rate of 1 1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector. A ten percent penalty also applies to the delinquent taxes or property on the unsecured roll, and further, an additional penalty of 1 1/2% per month accrues with respect to such taxes beginning on the varying dates related to the tax billing date.

Legislation enacted in 1984 (Section 75 *et seq*. of the Revenue and Taxation Code of the State of California), provides for the supplemental assignment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next tax lien date following the change and thus delayed the realization of increased property taxes from the new assessment for up to 14 months. Collection of taxes based on supplemental assessments occurs throughout the year. Taxes due are prorated according to the amount of time remaining in the tax year, with the exception of tax bills dated January 1 through May 31, which are calculated on the basis of the remainder of the current Fiscal Year and the full 12 months of the next Fiscal Year.

In the past, the State Legislature has shifted property taxes from cities, counties and special districts to the Educational Revenue Augmentation Fund. The term "ERAF" is often used as a shorthand reference for this shift of property taxes. In 1992-93 and 1993-94, in response to serious budgetary shortfalls, the State Legislature and administration permanently redirected over $3 billion of property taxes from cities, counties, and special districts to schools and community college districts. The 2004-05 State budget included an additional $1.3 billion shift of property taxes from certain local agencies, including the City, to occur in Fiscal Years 2004-05 and 2005-06. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Proposition 1A" and "—Proposition 22" for a description of certain limitations on the State's authority over local government revenue sources.

The table below sets forth the assessed valuations for property in the City for the Fiscal Years 2016-17 through 2025-26.

TABLE 10
CITY OF DIXON
ASSESSED VALUATION
FISCAL YEARS 2016-17 THROUGH 2025-26
(in thousands)

Fiscal Year	*Taxable Assessed Value*[1]	*Changed Percentage*
2016-17	$1,921,809	NA
2017-18	2,072,504	7.84%
2018-19	2,194,973	5.91
2019-20	2,366,016	7.79
2020-21	2,478,120	4.74
2021-22	2,592,984	4.64
2022-23	2,880,480	11.09
2023-24	3,112,808	8.07
2024-25	3,483,529	11.91
2025-26	3,829,014	9.92

(1) Excludes incremental assessed value of property located in redevelopment project areas.
Source: City of Dixon Audited Financial Statements for Fiscal Years 2016-17 through 2024-25; the City of Dixon for Fiscal Year 2025-26.

The County operates under a statutory program entitled Alternate Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"). Under the Teeter Plan local taxing entities receive 100% of their tax levies net of delinquencies, but do not receive interest or penalties on delinquent taxes collected by the County. The City's share of the *ad valorem* property tax levy is included in the County's Teeter Plan. As a result, the City currently receives 100% of such levy and is not impacted by delinquencies in payment. However, the County may choose to discontinue the Teeter Plan at any time.

The 10 largest property taxpayers in the City for Fiscal Year 2025-26 based on total assessed valuation, the land use and the percentage of the City's total assessed value attributable to each are shown in the below table. The information in Table 11 has been obtained from third-party sources and is included for general information purposes only. The City has not verified the information in Table 11 and does not guarantee the accuracy of such information.

TABLE 11
CITY OF DIXON
TOP TEN PRINCIPAL PROPERTY TAXPAYERS
2025-26 ASSESSED VALUATION

	Property Owner	*Total*	*% of Total*[1]	*Primary Use*
1.	Undisclosed[2]	$ 77,952,846	2.04%	Industrial
2.	CH LH Dixon Owner[3]	60,308,450	1.58	Industrial
3	Basalite Concrete Products, LLC	45,110,942	1.18	Industrial
4.	Richmond American Homes MD Inc	38,190,000	1.00	Vacant
5.	Dixon Vaughn Holdings LLC	32,149,480	0.84	Industrial
6.	Avanth Lincoln Creek	30,255,327	0.79	Residential
7.	Walmart Real Estate Business Trust	29,193,996	0.76	Commercial
8.	Cardinal Health Inc.	27,335,244	0.71	Industrial
9.	RCI Dixon Owner LLC	25,362,870	0.66	Residential
10.	California Water Service Company	23,878,386	0.62	Utility
	Totals	$ 389,737,541	10.18%	

(1) 2025-26 Local Assessed Valuation (secured and unsecured): $3,829,014,846.
(2) Taxpayer name is undisclosed due to a non-disclosure agreement with the City of Dixon.
(3) Pending appeals.
Source: Hdl, Coren & Cone.

Franchise Taxes

Franchise taxes are collected for services provided within the City. During Fiscal Year 2024-25, franchise tax receipts of approximately $953,000 provided the fourth largest tax revenue source for the City, contributing approximately 2.8% of total General Fund revenues. In Fiscal Year 2025-26, franchise tax receipts were approximately $972,472. Typically, franchise taxes are collected from electric, natural gas, refuse, cable, and telephone service providers and based on consumer use. Franchise tax revenues are expected to be impacted by changes in gas and electric pricing along with changes in weather patterns. While residential population may be slightly increasing, the cable franchise tax is estimated to decline due to the increasing prevalence of alternative entertainment options, including satellite television and online streaming service subscriptions.

Transient Occupancy Tax (Hotel Visitor's Tax)

The City applies a 9% transient occupancy tax on the rent charged for hotel or other lodging stays of less than 30 consecutive days. The City's transient occupancy tax does not expire and the revenues collected are General Fund revenues. Transient occupancy tax revenues of approximately $358,000 were received by the City in Fiscal Year 2024-25, representing a decrease from $441,000 in Fiscal Year 2023-24. In Fiscal Year 2025-26 Transient Occupancy Taxes were approximately $331,237. Transient Occupancy Taxes remain below pre-pandemic levels as the hospitality industry has had an extended recovery period compared to other industries. One operator is significantly delinquent in their remittance of taxes and progressive collection procedures are underway. Lodging accommodations in the City include the Best Western Plus Dixon Davis, Harvest Inn Dixon/UC Davis, Super 8 by Wyndham Dixon/UC Davis, and Motel 6 Dixon.

Business License Taxes

Business licenses are a non-regulatory tax. During Fiscal Year 2024-25, business license tax receipts of approximately $161,000, contributed approximately 0.5% of total General Fund revenues. In Fiscal Year 2025-26, business license tax receipts were approximately $174,519.

Charges for Services

During Fiscal Year 2024-25, charges for services of approximately $2.4 million contributed approximately 6.9% of total General Fund revenues. In Fiscal Year 2025-26, charges for services were approximately $2.2 million, or 5.6% of total General Fund revenues. The decrease of approximately $0.2 million is attributable to a decrease in plan check fees as the Homestead development nears completion. The City collects charges for services for various building inspection fees, permits, plan checks, recreation programs and use of City facilities, such as the arena, aquatic center and parks.

Licenses and Permits

During Fiscal Year 2024-25, revenues from licenses and permits of approximately $1.5 million contributed approximately 4.3% of total General Fund revenues. In Fiscal Year 2025-26, revenues from licenses and permits were approximately $0.9 million, or 2.3% of total General Fund revenues. The decrease of approximately $0.6 million, reflects growth in development permitting activity.

Investment Earnings

During fiscal year 2024-25, use of money and property (investment earnings) of approximately $1.5 million contributed approximately 4.2% of total General Fund revenues. In Fiscal Year 2025-26, General Fund investment earnings were approximately $0.8 million, or 2.0% of total General Fund revenues. The decrease of approximately $0.7 million, or 47%, reflects use of moneys in the General Fund. Across all governmental funds, use of money and property totaled approximately $3.2 million in Fiscal Year 2025-26, a decrease of approximately $2.1 million, or 39.6%, from the prior year amount of approximately $5.3 million. Investment earnings are derived from the City's pooled cash and investments, which are invested in accordance with the City's Investment Policy.

A large portion of the decrease from Fiscal Year 2024-25 to Fiscal Year 2025-26 is due to the reversal of the Fiscal Year 2024-25 fair market value allocation which resulted in a Fiscal Year 2025-26 reduction to revenue of $140,000 General Fund and $545,000 across all governmental funds. The Fiscal Year 2025-26 fair market value allocation was also a decrease to investment earnings of $72,000 General Fund and a decrease of $281,000 to all governmental funds. As a result of the fair market value adjustments (reversing entry of Fiscal Year 2024-25 and Fiscal Year 2025-26 accrual), General Fund decreased by $213,000 and all government funds decreased by $826,000.

Other Revenue Sources

Intergovernmental. The City receives other General Fund revenue from other government agencies, principally from the State and Federal governments. These revenues include monies called subventions, as well as grants for specific projects, and reimbursements related to State mandated activities or disaster/emergency declarations. These revenues can fluctuate from year-to-year for on-going programs and activities.

Other. Other sources of General Fund revenue for the City include reimbursements for special events, recovery from damage to City properties, donations, sale of City assets, and other miscellaneous revenue sources. These revenues can be inconsistent from year-to-year or are generally one-time in nature.

Indebtedness

Long-Term Debt. The City's long-term obligations payable from the General Fund currently consist of a solar panel lease, various building, equipment and vehicle leases and various subscription-based information technology arrangements with various vendors with an aggregate total lease liability as of June 30, 2026 of $3.3 million.

The City has also entered into certain debt obligations payable from its business enterprises not payable from the General Fund.

For additional information with respect to the City's outstanding long-term obligations, see Note 7 to the audited financial statements for Fiscal Year 2024-25 attached to the Official Statement as Appendix C.

Short-Term Debt. The City currently has no short-term debt outstanding.

Overlapping Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. as of August 14, 2026. The Debt Report is included for general information purposes only. Neither the City nor the Underwriter has reviewed the Debt Report for completeness or accuracy and neither the City nor the Underwriter makes any representation in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the City in whole or in part. Such long-term obligations generally are not payable from revenues of the City (except as indicated) nor are they necessarily obligations secured by land within the City. In many cases, long-term obligations issued by a public agency are payable only from the General Fund or other revenues of such public agency.

The contents of the Debt Report are as follows: (1) the first column indicates the public agencies which have outstanding debt as of the date of the Debt Report and whose territory overlaps the City; (2) the second column shows the respective percentage of the assessed valuation of the overlapping public agencies identified in column 1 which is represented by property located in the City; and (3) the third column is an apportionment of the dollar amount of each public agency's outstanding debt (which amount is not shown in the table) to property in the City, as determined by multiplying the total outstanding debt of each agency by the percentage of the City's assessed valuation represented in column 2.

TABLE 12
CITY OF DIXON
STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT
AS OF AUGUST 14, 2026

2025-26 Assessed Valuation: $3,824,275,422

OVERLAPPING TAX AND ASSESSMENT DEBT:	*% Applicable*	*Debt 8/1/26*
Solano County Community College District	5.033%	$ 18,673,861
Dixon Unified School District	75.564	33,857,961
City of Dixon Community Facilities District No 2013-1	100.000	17,490,000
City of Dixon Community Facilities District No 2015-1	100.000	13,980,000
City of Dixon Community Facilities District No 2019-1 I.A. No. 1	100.000	18,880,000
City of Dixon Community Facilities District No 2019-1 I.A. No. 2	100.000	22,170,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$ 125,051,822
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Solano County General Fund Obligations	4.904%	$ 2,683,469
Dixon Unified School District Certificates of Participation	75.564	4,953,220
City of Dixon General Fund Obligations	**100.000**	**0** (1)
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		$ 7,636,689
COMBINED TOTAL DEBT		$ 132,688,511 (2)

Ratios to 2025-26 Assessed Valuation:
Total Overlapping Tax and Assessment Debt..................... 3.27%
Total Direct Debt... 0.00%
Combined Total Debt... 3.47%

(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 bonds and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

Retirement System

This caption contains certain information relating to the California Public Employees Retirement System ("CalPERS"). The information is primarily derived from information produced by CalPERS, its independent accountants and actuaries. The City has not independently verified the information provided by CalPERS and makes no representations nor expresses any opinion as to the accuracy of the information provided by CalPERS.

The annual comprehensive financial reports of CalPERS are available on its Internet website at www.calpers.ca.gov. The CalPERS website also contains CalPERS' most recent actuarial valuation reports and other information concerning benefits and other matters. Such information is not incorporated by reference herein. The City cannot guarantee the accuracy of such information. Actuarial assessments are "forward-looking" statements that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

Plan Description. The City's defined benefit pension plans, the Miscellaneous Plan of the City of Dixon (the "Miscellaneous Plan"), the Safety Fire Plan of the City of Dixon (the "Safety Fire Plan") and the Safety Police Plan of the City of Dixon (the "Safety Police Plan" and, together with the Safety Fire Plan, the "Safety Plan"), provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan and the Safety Plan are part of the Public Agency portion of the California Public Employees Retirement System ("CalPERS"), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate Annual Comprehensive Financial Report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 ("PEPRA") into law. PEPRA took effect January 1, 2013. Among other things, PEPRA: (1) established PEPRA which applies to all public employers and public pension plans on and after January 1, 2013 (except specific exemptions); (2) established new retirement tiers/benefits for new public employees; (3) prohibited certain cash payment from being counted as compensation; and (4) increased retirement age for all new public employees.

Pending Pension Reform Legislation. Both houses of the California legislature have passed Assembly Bill 1383, which would roll back certain provisions of the Public Employees' Pension Reform Act (PEPRA), including lowering the retirement age for public safety employees and permitting adjustments to the pension contribution formulas to increase the employer contribution. The bill also includes automatic increases to the pensionable compensation cap, applicable to all PEPRA employees. AB 1383 is currently pending final approval by the California Governor. If passed, AB 1383 is likely to result in significant increased pension costs to the City.

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 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 Basic Death Benefit, the 1957 Survivor Benefit, 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.

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous Plan		
	Tier 1†	***Tier 2†***	***PEPRA***
Hire date	Prior to December 16, 2012	December 16, 2012 to December 31, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	Minimum 50 years	Minimum 50 years	Minimum 50 years
Monthly benefits, as a % of eligible compensation	Highest single year	3-year average	3-year average
Required employee contribution rates	8%	7%	7.75%
Required employer contribution rates(1)	14.13%	10.15%	7.87%
Required UAL contribution	$1,008,491	$2,744	$10,160

(1) As described under "—*Contributions*" below, CalPERS no longer collects required contributions for the unfunded portion of pension liability based on a percentage of payroll.

† Plan is closed to new entrants.

	Safety Police		
	Tier 1†	***Tier 2†***	***PEPRA***
Hire date	Prior to November 20, 2011	November 20, 2011 to December 31, 2012	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	Minimum 50 years	Minimum 50 years	Minimum 50 years
Monthly benefits, as a % of eligible compensation	3-year average	3-year average	3-year average
Required employee contribution rates	9%	9%	13.75%
Required employer contribution rates(1)	25.86%	23.00%	13.76%
Required UAL contribution	$740,879	$9,257	$10,837

(1) As described under "—*Contributions*" below, CalPERS no longer collects required contributions for the unfunded portion of pension liability based on a percentage of payroll.
† Plan is closed to new entrants.

	Safety Fire		
	Tier 1†	***Tier 2†***	***PEPRA***
Hire date	Prior to August 12, 2012	August 12, 2012 to December 31, 2012	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	Minimum 50 years	Minimum 50 years	Minimum 50 years
Monthly benefits, as a % of eligible compensation	3-year average	3-year average	3-year average
Required employee contribution rates	9%	9%	13.75%
Required employer contribution rates(1)	25.86%	23.00%	13.76%
Required UAL contribution	$441,702	$6,159	$6,457

(1) As described under "—*Contributions*" below, CalPERS no longer collects required contributions for the unfunded portion of pension liability based on a percentage of payroll.
† Plan is closed to new entrants.

Contributions. Section 20814(c) of the California Public Employee's Retirement Law (PERL) 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

The required employer contribution is comprised of a Normal Cost component and a component equal to an amortized amount of the unfunded liability or Annual Unfunded Accrued Liability ("UAL") Payment. The Normal Cost is the annual cost of service earned by active employees for the upcoming Fiscal Year, which is expressed as a percentage of payroll. The Annual UAL Payment is the amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and for members entitled to deferred benefits, as of the valuation date. The UAL Payment is a fixed dollar annual payment, billed monthly.

Beginning with Fiscal Year 2017-18 CalPERS began collecting employer contributions toward the plan's unfunded liability as dollar amounts instead of the prior method of a contribution rate. According to

CalPERS, this change was to address potential funding issues that could arise from a declining payroll or reduction in the number of active members in the plan. Funding the unfunded liability as a percentage of payroll could lead to the underfunding of the plans. Due to stakeholder feedback regarding internal needs for total contributions expressed as an estimated percentage of payroll, the CalPERS reports include such results in the contribution projection set forth in the tables below. CalPERS indicates that these results are provided for information purposes only and contributions toward the unfunded liability will continue to be collected as set dollar amounts.

For the year ended June 30, 2025, the City's total required contributions were $3,829,197. Such amount was paid by the City and represented approximately 11.4 % of General Fund expenditures. The City's required contributions in Fiscal Year 2025-26 and Fiscal Year 2026-27 are $4,378,149 and $4,618,211, respectively, and the City has made such payment for Fiscal Year 2025-26 and budgeted for such payment in Fiscal Year 2026-27. However, the City allocates a portion of such pension costs to City enterprise funds as appropriate.

The tables below are derived from the City of Dixon Annual Valuation Reports with valuation dates as of June 30, 2024 and delivered in July 2025 (the "2024 Reports") and show the required and projected employer contributions for the next six Fiscal Years. Projected results reflect the adopted changes to the discount rates described in the 2024 Reports. Such projections also assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits, or funding will occur during the projection period. The projected normal cost percentages in the projections below does not reflect that the normal cost will decline over the time as new employees are hired into PEPRA or other lower cost benefit tiers.

The foregoing projections assumed the investment return for Fiscal Year 2024-25 would be 6.80% and beyond. CalPERS announced an investment return of 11.60% for Fiscal Year 2024-25. As a result, the actual contribution requirements for the Fiscal Years 2024-25 and the following years shown below can be expected to differ from such projections. No assurance can be provided that the City's CalPERS plan expenses will not increase significantly in the future.

Miscellaneous Plan

	Covered Payroll June 30, 2024	***Required Contribution***	***Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25 and Beyond)***				
		Normal Cost Rates (Percentage of Payroll					
Fiscal Year		***2026-27***	***2027-28***	***2028-29***	***2029-30***	***2030-31***	***2031-32***
Normal Cost % Miscellaneous First Tier Plan	$1,924,493	14.16%	14.2%	14.2%	14.2%	14.2%	14.2%
Normal Cost % Miscellaneous Second Tier Plan	642,668	10.18%	10.2%	10.2%	10.2%	10.2%	10.2%
Normal Cost % PEPRA Miscellaneous Plan	4,389,220	7.93%	7.9%	7.9%	7.9%	7.9%	7.9%
UAL Payment		$1,337,254	$1,391,000	$1,531,000	$1,541,000	$1,545,000	$1,575,000

Source: CalPERS Actuarial Valuation for the Rate Plans of the City of Dixon in the Miscellaneous Risk Pool as of June 30, 2024.

Safety Fire Plan

Fiscal Year	Covered Payroll June 30, 2024	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25 and Beyond)				
		Normal Cost Rates (Percentage of Payroll					
		2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Normal Cost % Safety Fire First Tier Plan	$896,771	25.95%	26.0%	26.0%	26.0%	26.0%	26.0%
Normal Cost % Safety Fire Second Tier Plan	371,747	23.09%	23.1%	23.1%	23.1%	23.1%	23.1%
Normal Cost % PEPRA Safety Fire Plan	1,464,861	13.91%	13.9%	13.9%	13.9%	13.9%	13.9%
UAL Payment		$617,663	$647,000	$722,000	$722,000	$720,000	$732,000

Source: CalPERS Actuarial Valuation for the Fire Rate Plans of the City of Dixon in the Safety Risk Pool as of June 30, 2024.

Safety Police Plan

Fiscal Year	Covered Payroll June 30, 2024	Required Contribution	Projected Future Employer Contributions (Assumes 6.80% Return for Fiscal Year 2024-25 and Beyond)				
		Normal Cost Rates (Percentage of Payroll					
		2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Normal Cost % Safety Police First Tier Plan	$708,084	25.95%	26.0%	26.0%	26.0%	26.0%	26.0%
Normal Cost % Safety Police Second Tier Plan	270,059	23.09%	23.1%	23.1%	23.1%	23.1%	23.1%
Normal Cost % PEPRA Safety Police Plan	2,361,385	13.91%	13.9%	13.9%	13.9%	13.9%	13.9%
UAL Payment		$975,229	$1,019,000	$1,111,000	$1,119,000	$1,123,000	$1,145,000

Source: CalPERS Actuarial Valuation for the Police Rate Plans of the City of Dixon in the Safety Risk Pool as of June 30, 2024.

Net Pension Liability. As of June 30, 2025, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of $28,288,680, of which $24,187,783 is reported in governmental activities and $4,100,897 is reported in business-type activities. The City's proportionate share of the net pension liability for the Plan as of June 30, 2024 was 0.23326%. For the year ended June 30, 2025, the City recognized pension expense of $5,500,712. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, rolled forward to June 30, 2024 using standard update procedures. The following actuarial assumptions were used:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table[(1)]	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP- 2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability, calculated using the discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

1% Lower	5.90%
Net Pension Liability	$44,282,442
Current Discount Rate	6.90%
Net Pension Liability	$28,288,680
1% Higher	7.90%
Net Pension Liability	$15,170,591

The Net Pension Liabilities for the City's pension plans have been primarily liquidated by funding from the respective funds based on their proportionate personnel costs of the year.

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports and can be obtained on the CalPERS website.

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions. On June 25, 2012, the Governmental Accounting Standards Board approved GASB Statement No. 68 ("GASB 68") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. GASB 68 states that, for pensions within the scope of the statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions, and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. While the accounting standard changed financial statement reporting requirements, they do not impact funding policies of the pension systems. The audited financial statements of the City for Fiscal Year 2024-25 attached hereto as Appendix C reflect the application of the GASB 68.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	***Deferred Inflows of Resources***
Pension contributions subsequent to measurement date	$ 3,829,197	$ --
Differences between expected and actual experiences	2,370,609	84,268
Changes in assumptions	710,578	--
Changes in employer's proportion	193,947	226,440
Difference between the employer's contributions and proportionate share of contributions	408,515	431,556
Net difference between projected and actual earnings on pension plan investments	1,485,376	--
Totals	$ 8,998,222	$ 742,264

The $3,829,197 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 Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:	***Deferred Outflows/(Inflows) of Resources, Net***
2025	$1,432,332
2026	3,458,559
2027	44,486
2028	(508,616)

Funded Status. The tables below are derived from the 2024 Reports and show the funded status of the City's defined benefit pension plan as of the valuation dates shown.

Miscellaneous Plan

Valuation Date	***Accrued Liability***	***Market Value of Assets***	***Unfunded Liability***	***Funded Ratio***	***Annual Covered Payroll***
6/30/2020	$41,753,110	$30,092,467	$11,660,643	72.1%	$4,655,827
6/30/2021	44,844,022	37,216,188	7,627,834	83.0	4,841,726
6/30/2022	47,636,494	34,491,327	13,145,167	72.4	5,784,736
6/30/2023	50,890,772	36,664,845	14,225,927	72.0	6,398,462
6/30/2024	54,038,366	40,035,728	14,002,638	74.1	6,956,381

Source: CalPERS Actuarial Valuation for the Rate Plans of the City of Dixon in the Miscellaneous Risk Pool as of June 30, 2024.

Safety Fire Plan

Valuation Date	***Accrued Liability***	***Market Value of Assets***	***Unfunded Liability***	***Funded Ratio***	***Annual Covered Payroll***
6/30/2020	$ 19,807,137	$15,002,758	$4,804,379	75.7%	$2,286,838
6/30/2021	23,049,980	20,192,364	2,857,616	87.6	2,514,415
6/30/2022	25,898,012	19,627,769	6,270,243	75.8	2,672,906
6/30/2023	27,962,045	21,084,171	6,877,874	75.4	3,129,829
6/30/2024	30,723,514	24,009,925	6,713,589	78.1	2,733,379

Source: CalPERS Actuarial Valuation for the Fire Rate Plans of the City of Dixon in the Safety Risk Pool as of June 30, 2024.

Safety Police Plan

Valuation Date	***Accrued Liability***	***Market Value of Assets***	***Unfunded Liability***	***Funded Ratio***	***Annual Covered Payroll***
6/30/2020	$27,812,039	$19,136,695	$8,675,344	68.8%	$2,552,128
6/30/2021	30,911,170	24,813,382	6,097,788	80.3	2,947,052
6/30/2022	33,016,948	23,146,230	9,870,718	70.1	2,673,867
6/30/2023	35,783,125	25,201,650	10,581,475	70.4	3,279,316
6/30/2024	37,940,865	27,565,517	10,375,348	72.7	3,339,528

Source: CalPERS Actuarial Valuation for the Police Rate Plans of the City of Dixon in the Safety Risk Pool as of June 30, 2024.

Other Post-Employment Benefits

Plan Description. The City administers an Other Post-Employment Benefit ("OPEB") plan which is subject to changes based on the discretion of the Council. The City provides an agent multiple-employer defined benefit healthcare plan to retirees through CalPERS under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as "PERS Health." Retired employees who were part of Public Employees Union #1 (Local One) receive one month's premium at the Kaiser Permanente plus one dependent rate for each year of full-time service to a maximum of 24 months. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75 as of the June 30, 2024 measurement date.

Employees Covered. As of the June 30, 2024 measurement date, the following current and former employees were covered by the City OPEB plan:

Active employees	132
Inactive Employees Receiving Benefit Payments	23
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	76
Total Number of Participants	231

Source: City of Dixon Audited Financial Statements for Fiscal Year 2024-25.

Contributions. The contributions for the City's OPEB benefits are based on pay-as- you-go financing requirements. The contribution requirements of OPEB plan members and the City are established and may be amended by the City Council. The City must agree to make a defined monthly payment towards the cost of each retiree's coverage. For the Fiscal Year ended June 30, 2025, the City's contribution to the OPEB plan was $193,449.

Actuarial Methods and Assumptions Used to Determine Total OPEB Liability. The City's total OPEB liability as shown in the City's audited financial statements for Fiscal Year 2024-25 was determined by an actuarial valuation dated June 30, 2023, based on various actuarial methods and assumptions. For additional information with respect to actuarial methods and assumptions used to determine the total OPEB liability, see Note 10 to the City's audited financial statements for Fiscal Year 2024-25 attached hereto as Appendix C.

Total OPEB Liability. The City has been funding OPEB on a "pay-as-you-go" basis and has accrued a $3.4 million liability, based upon the most recent actuarial study. This liability is shared with $2.9 million belonging to the General Fund and $0.5 million belonging to the business-type activities funds. In FY 2015-16, the City established new reserve funds to begin setting aside financial resources toward this liability; as of fiscal year-end 2025, $2.4 million has been accumulated in the OPEB General Fund Reserve Fund

The changes in the OPEB liability for the City in the Fiscal Year ending June 30, 2025 are as follows:

	Increase (Decrease)
	Total OPEB Liability
Balance at June 30, 2024	$ 3,306,031
Changes recognized for the measurement period:	
Service cost	317,239
Interest on the total OPEB liability	128,730
Changes of assumptions	(127,316)
Benefit payments, including implicit subsidy	(192,827)
Net Changes	125,826
Balance at June 30, 2025	$ 3,431,857

Sensitivity of OPEB Liability to Changes in the Discount. The following presents the OPEB liability with a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2025:

Discount Rate 1% Lower	***Valuation Discount Rate***	***Discount Rate 1% Higher***
(2.93%)	(3.93%)	(4.93%)
$3,921,196	$3,431,857	$3,029,127

The following presents the OPEB liability of the City if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2025:

Trend Rate 1% Lower	***Valuation Trend Rate***	***Trend Rate 1% Higher***
(3.00%)	(4.00%)	(5.00%)
$2,901,180	$3,431,857	$4,111,446

For additional information with respect to the City's OPEB plan, including with respect to actuarial methods and assumptions used to determine the total OPEB liability, recognition of deferred outflows and inflows of resources and OPEB expense and deferred outflow/inflow of resources to OPEB, see Note 10 to the audited financial statements for Fiscal Year 2024-25 attached hereto as Appendix C.

RISK FACTORS

The following factors, along with the other information in this Official Statement, should be considered by potential investors in evaluating the purchase of the Series 2026 Bonds. However, they do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the Series 2026 Bonds. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of any such risks.

General Considerations – Security for the Series 2026 Bonds

The Series 2026 Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State, or any political subdivision thereof, is pledged to the payment of the Series 2026 Bonds. The Authority has no taxing power.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City, the State or of any political subdivision thereof within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State is obligated to levy or pledge any form of taxation or for which the City or the State has levied or pledged any form of taxation.

Although the Lease Agreement does not create a pledge, lien or encumbrance upon the funds of the City, the City is obligated under the Lease Agreement to pay the Base Rental Payments and Additional Rental Payments from any source of legally available funds and the City has covenanted in the Lease Agreement that it will take such action as may be necessary to include all Base Rental Payments and Additional Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments, subject to abatement. The City is currently liable and may become liable on other obligations payable from general revenues. See "CITY FINANCIAL INFORMATION—Indebtedness."

The City has the capacity to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the City, the funds available to make Base Rental Payments may be decreased. In the event the City's revenue sources are less than its total obligations, the City could choose to fund other activities before making Base Rental Payments and other payments due under the Lease Agreement. The same result could occur if, because of California Constitutional limits on expenditures, the City is not permitted to appropriate and spend all of its available revenues. However, the City's appropriations have never exceeded the limitation on appropriations under Article XIIIB of the California Constitution. See "CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS—Article XIIIB of the California Constitution."

Abatements

In the event of substantial interference with the City's right to use and occupy any portion of the Property by reason of damage to, or destruction or condemnation of the Property, or any defects in title to the Property, Base Rental Payments will be subject to abatement. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS—Abatement." In the event that a portion of the Property, if damaged or destroyed by an insured casualty, could not be replaced during the period of time in which proceeds of the City's rental interruption insurance will be available in lieu of Base Rental Payments, plus the period for which funds are available from the funds and accounts established under the Indenture, or in the event that casualty insurance proceeds are insufficient to provide for complete repair or replacement of such portion of the Property or redemption of the Series 2026 Bonds, there could be insufficient funds to make payments to Owners in full.

It is not always possible to predict the circumstances under which abatement of rental may occur. In addition, there is no statute, case or other law specifying how such an abatement of rental should be measured. For example, it is not clear whether fair rental value is established as of commencement of the lease or at the time of the abatement. If the latter, it may be that the value of the Property is substantially higher or lower than its value at the time of the execution and delivery of the Series 2026 Bonds. Abatement, therefore, could have an uncertain and material adverse effect on the security for and payment of the Series 2026 Bonds.

The City is required under the Lease Agreement to maintain property insurance and rental interruption insurance with respect to the Property during the term of the Lease, and to purchase a policy of title insurance at Closing. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS—Insurance." If damage, destruction, title defect or eminent domain proceedings with respect to the Property results in abatement of the Base Rental Payments related to such Property and if such abated Base Rental Payments, if any, together with moneys from rental interruption or use and occupancy insurance (in the event of any insured loss due to damage or destruction), and eminent domain proceeds, if any, are insufficient to make all payments of principal and interest with respect to the Series 2026 Bonds during the period that the Property is being replaced, repaired or reconstructed, then all or a portion of such payments of principal and interest may not be made. Under the Lease Agreement and the Indenture, no remedy is available to the Series 2026 Bond Owners for nonpayment under such circumstances.

Any such abatement will continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; and the term of the Lease Agreement will be extended as provided in the Lease Agreement, up to a maximum of ten years beyond the stated termination date of the Lease Agreement.

Effect of Economy on Revenues

The City relies heavily on property tax and sales tax revenues. These revenues can be negatively affected by economic downturns in various ways. Property taxes are directly linked to the assessed value of property in the City and an economic recession affecting real estate markets can cause a significant decline in the City's property tax revenues. Similarly, a recession could cause a reduction in consumer spending and travel, which would have a material adverse impact on the City's sales tax revenues and changes for services (i.e. development and plan check fees). The City can provide no assurance that economic factors affecting the City, the State, or the nation will not cause a reduction in the City's General Fund tax revenues and a material adverse effect on the City's ability to pay Base Rental Payments.

Natural Disasters

The occurrence of any natural disaster in the City, including, without limitation, fire, windstorm, drought, earthquake, landslide, mudslide, flood or a rise in sea levels as result of climate change, could have an adverse material impact on the economy within the City, its General Fund and the revenues available for the payment of Base Rental Payments. The City is a signatory to the County all-hazards plan, which includes specific planning for emergencies such as earthquakes, floods, fires, winter storms, thunderstorms, hazard materials release, power outage, drought, civil unrest, dam failure and national security threats. The City also has a General Plan (the "General Plan") that was completed in 2022.

Earthquakes. Although no known active or potentially active faults, as defined in the Alquist-Priolo Earthquake Fault Zone Act, cross the Property and the Property is not located in an Alquist-Priolo Earthquake Study Zone, all jurisdictions in California are subject to the effects of damaging earthquakes. The City does have fault zones including the Great Valley Thrust Fault Zone, the Midland Fault Zone, and the Lagoon Valley Fault Zone near the City. In April 1892, a Magnitude 6.0 earthquake struck to the northwest of the City, followed by a Magnitude 5.6 quake to the southeast several days later. If such an earthquake struck the City again, it would have great impact on the City. Other significant risks include the risk of dam failure, such as the Monticello Dam, which could inundate the entire City area as well as surrounding communities.

An earthquake along one of the faults in the vicinity, either known or unknown, could cause a number of casualties and extensive property damage, including to the Property. The effects of such an earthquake could be aggravated by aftershocks and secondary effects such as fires, landslides, liquefaction and other threats to public health, safety and welfare. The majority of the City is classified as having a moderate risk of liquefaction; however, a portion of the City is in a high- risk area, and a few narrow channels of "very high" susceptibility run through the planning area, likely reflecting historically filled creek beds. These areas fall along the eastern border of the City and are primarily overlain by relatively low-density industrial land. The potential direct and indirect consequences of a major earthquake could easily exceed the resources of the City and could require a high level of self-help, coordination and cooperation. The City is not required to, and does not, maintain earthquake insurance with respect to the Property.

Wildfires. In recent years, wildfires have caused extensive damage throughout the State. Several of these fires have burned thousands of acres and destroyed hundreds and in some cases thousands of homes. In some instances, entire neighborhoods have been destroyed. Several fires in recent years damaged or destroyed property in areas that were not previously considered to be at risk from such events. In particular, certain electrical operators in the State have seen their distribution/transmission lines cause billions of dollars in property damage and the loss of lives. In 2023, as in several prior years, for example, devastating wildfires burned in various communities in the State, causing wide-spread damage. In 2025, communities in the State, including Pacific Palisades, Malibu and Altadena, experienced widespread devastation from wildfires causing losses of life, thousands of burned homes, and billions of dollars in property damage.

Additionally, when wildfires scorch land, they destroy all vegetation on mountains and hillsides. As a result, when heavy rain falls in the winter, there is nothing to stop the rain from penetrating directly into the soil. In addition, waxy compounds in plants and soil that are released during fires create a natural barrier in the soil that prevents rain water from seeping deep into the ground. The result is erosion, mudslides, and excess water running off the hillsides often causing flash flooding.

According to the City's General Plan, most of the City is classified as having no to moderate wildfire threat. The more developed portions of the City generally have a moderate risk, and surrounding areas have low risk. The areas with greatest fire risk in the City are associated with the Wildland Urban Interface areas are scattered throughout the City, but those posing the greatest fire threat are near the eastern boundary of the City between Industrial Way and H Street. The General Plan also states that the land surrounding the City is primarily cultivated agriculture land, which can provide protection from wildfire.

The California Department of Forestry and Fire Protection ("CAL FIRE") establishes Fire Hazard Severity Zones (FHSZs), designating each as moderate, high, or very high. Incorporated areas such as Dixon are considered local responsibility areas (LRAs). CAL FIRE only designates very high FHSZs within LRAs, and the City does not have land designated as a very high FHSZ. High and very high fire FHSZs occur west and southwest of the City along the western boundary of Solano County. The City's energy delivery system is vulnerable to wildfire hazards. Wildfires can damage or destroy energy delivery infrastructure (even if not located in the City), which can cause power outages that can last for days or weeks, depending on the severity of the event. This can directly harm the economy, government operations, and public safety

Additionally, fires outside the City can impact residents as smoke and air pollution from wildfires can be a severe health hazard, especially for more vulnerable health impaired populations. The increasing frequency of regional fires has created recurring air quality degradation events due to wildfire smoke. Wildfire smoke consists of a mix of gases and fine particulate matter from burning vegetation and materials. Fine particulate matter can travel deep into lung tissue and affect the heart and circulatory system, which may be especially harmful for children; seniors; those with preexisting respiratory and circulatory conditions; and those who spend a disproportionate amount of time outside, such as outdoor workers and individuals experiencing homelessness. Historically, the City has not experienced large wildfires within the city limits. However, the City was affected by smoke from the 2018 Camp Fire and 2020 Sonoma-Lake-Napa Unit Lightning Complex Fire.

Flood Risk. Most of the City is subject to minimal flood risk, and is located in a low risk flood zone. The south end of the City has residential areas that are subject to flood hazards. In the City, the flood zone areas are designated by the Federal Emergency Management Agency ("FEMA") as Flood Zone A or Flood Zone X. Flood Zone A is designated as the high risk, Special Flood Hazard Area (SFHA), inundated by a 100-year floodplain. Flood Zone X designates areas of a 500-year flood; areas of 100-year flood with average depths of less than 1-foot or with drainage less than 1-square mile; and areas protected by levees from a 100-year flood. The Property is located in Flood Zone X.

Climate Change. Climate change caused by human activities may have adverse effects on the City. Climate change can also result in more variable weather patterns throughout the State, which can lead to longer and more severe droughts as well as increased risk of flooding and a rise in sea levels. The City considers the potential effects of climate change in its planning.

Projections of the impacts of global climate change on the City are complex and depend on many factors that are outside the City's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. Also, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the City is unable to forecast with certainty when adverse impacts of climate change will occur or the extent of such impacts.

The County prepared a Multi-Jurisdiction Local Hazard Mitigation Plan ("MJLHMP") dated July 2022, to help the City plan for natural disasters and hazard events. The MJLHMP indicates that the City is vulnerable to numerous hazards, including dam failures, floods, earthquakes, drought, and other severe weather events. Climate change can exacerbate these hazards. While the impacts of climate change may be mitigated by the City's past and future investment in adaptation strategies, the City can give no assurance about the net effects of those strategies and whether the City will be required to take additional adaptive mitigation measures.

The occurrence of natural disasters in the City could result in substantial damage to the City and the Property which, in turn, could substantially reduce General Fund revenues and affect the ability of the City to make Base Rental Payments or cause an abatement in Base Rental Payments. Reduced ability to pay Base Rental Payments could affect the payment of the principal of and interest on the Series 2026 Bonds. The City maintains liability insurance and property casualty insurance (for losses other than from seismic events) for the

Property. See the caption “THE CITY OF DIXON—Risk Management.” However, there can be no assurance that specific losses will be covered by insurance or, if covered, that claims will be paid in full by the applicable insurers.

Hazardous Substances

The discovery of hazardous substances could result in the reduction in assessed value of and limit the beneficial use of taxable property within the City. In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The owner or operator may be required to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the property within the City be affected by a hazardous substance, could be to reduce the marketability and value of the property by the costs of remedying the condition. Other than hazardous substances used in normal operations, the City is not aware of any hazardous substances located on the Property.

Other Financial Matters

Due to weakness in the economy of the State and the United States, it is possible that the general revenues of the City will decline. Such financial matters may have a detrimental impact on the City’s General Fund, and, accordingly, may reduce the City’s ability to make Base Rental Payments. See “THE CITY OF DIXON” and “CITY FINANCIAL INFORMATION.”

Substitution, Addition and Removal of Property; Additional Bonds

The Authority and the City may amend the Lease Agreement to substitute alternate real property for any portion of or add additional real property to the Property or to release a portion of the Property from the Lease Agreement, upon compliance with all of the conditions set forth in the Lease Agreement. After a substitution or release, the portion of the Property for which the substitution or release has been effected will be released from the leasehold encumbrance of the Lease Agreement. Moreover, the Authority may issue Additional Bonds secured by Base Rental Payments which are increased from current levels. See the caption “SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS—Additional Bonds.”

Although the Lease Agreement requires, among other things, that the Property, as constituted after such substitution or release, have an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, it does not require that such Property have an annual fair rental value equal to the annual fair rental value of the Property at the time of substitution or release. Thus, a portion of the Property could be replaced with less valuable real property or could be released altogether. Such a replacement or release could have an adverse impact on the security for the Series 2026 Bonds, particularly if an event requiring abatement of Base Rental Payments were to occur subsequent to such substitution or release. See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—No Consequential Damages; Use of the Property; Substitution or Release.”

The Indenture requires, among other things, that upon the issuance of Additional Bonds, the Ground Lease and the Lease Agreement will be amended, to the extent necessary, so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds; provided, however, that no such amendment will be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period is in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith. See APPENDIX B—“SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS—THE INDENTURE—Issuance of Bonds; Application of Proceeds.”

Limited Recourse on Default; No Acceleration of Base Rental

Failure by the City to make Base Rental Payments or other payments required to be made under the Lease Agreement, or failure to observe and perform any other terms, covenants or conditions contained in the Lease Agreement or in the Indenture for a period of 30 days after written notice of such failure and request that it be remedied has been given to the City by the Authority or the Trustee, constitute events of default under the Lease Agreement and permit the Trustee or the Authority to pursue any and all remedies available. In the event of a default, notwithstanding anything in the Lease Agreement or in the Indenture to the contrary, there is no right under any circumstances to accelerate the Base Rental Payments or otherwise declare any Base Rental Payments not then in default to be immediately due and payable, nor do the Authority or the Trustee have any right to re-enter or re-let the Property except as described in the Lease Agreement.

The enforcement of any remedies provided in the Lease Agreement and the Indenture could prove both expensive and time consuming. If the City defaults on its obligation to make Base Rental Payments with respect to the Property, the Trustee, as assignee of the Authority, may retain the Lease Agreement and hold the City liable for all Base Rental Payments thereunder on an annual basis and enforce any other terms or provisions of the Lease Agreement to be kept or performed by the City.

Alternatively, the Authority or the Trustee may terminate the Lease Agreement, retake possession of the Property and proceed against the City to recover damages pursuant to the Lease Agreement. Due to the specialized nature of the Property or any property substituted therefor pursuant to the Lease Agreement and the restrictions on its use, no assurance can be given that the Trustee will be able to re-let the Property so as to provide rental income sufficient to make all payments of principal of, interest and premium, if any, on the Series 2026 Bonds when due, and the Trustee is not empowered to sell the Property for the benefit of the Owners of the Series 2026 Bonds. Any suit for money damages would be subject to limitations on legal remedies against cities in California, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS" and APPENDIX B—"SUMMARY OF PRINCIPAL LEGAL DOCUMENTS—THE LEASE AGREEMENT—Defaults and Remedies."

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners and the obligations of the City may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equitable principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of servicing a significant and legitimate public purpose.

Under Chapter 9 of the United States Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs bankruptcy proceedings of public entities such as the City, no involuntary bankruptcy petition may be filed against a public entity. However, upon satisfaction of certain prerequisite conditions, a voluntary bankruptcy petition may be filed by the City. The filing of a bankruptcy petition results in a stay against enforcement of remedies under agreements to which the bankrupt entity is a party. A bankruptcy filing by the City could thus limit remedies under the Lease Agreement. A bankruptcy debtor may choose to assume or reject executory contracts and leases, such as the Lease Agreement. In the event of rejection of a lease by debtor lessee, the leased property is returned to the lessor and the lessor has a claim for a limited amount of the resulting damages.

Under the Indenture, the Trustee holds a security interest in the Base Rental Payments for the benefit of the Owners of the Bonds, but such security interest arises only when the Base Rental Payments are actually received by the Trustee following payment by the City. The Property is not subject to a security interest, mortgage or any other lien in favor of the Trustee for the benefit of Owners. In the event of a bankruptcy filed by the City and the subsequent rejection of the Lease Agreement by the City, the Authority would recover possession of the Property and the Trustee, as assignee of the Authority, would have a claim for damages against the City. The Trustee's claim would constitute a secured claim only to the extent of Revenues in the possession of the Trustee; the balance of such claim would be unsecured.

Bankruptcy proceedings would subject the Owners of the Series 2026 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently entail risks of delay, limitation, or modification of their rights with respect to the Series 2026 Bonds. In a bankruptcy case, the amount recovered by Owners of the Series 2026 Bonds could be affected by whether the Lease Agreement is determined to be a "true lease" or a loan or other financing arrangement (a "financing lease"), and the Owners' recovery could be reduced in either case. If the Lease Agreement is determined by the bankruptcy court to constitute a "true lease" (rather than a financing lease), the City could choose not to perform under the Lease Agreement by rejecting it and the claim of the Owners could be substantially limited pursuant to Section 365 of the Bankruptcy Code to a fraction of the scheduled amount of Base Rental Payments, and that reduced claim amount could be impaired as an unsecured claim under a plan of adjustment. If a bankruptcy court were to treat the Lease Agreement as a financing lease then, under a plan of adjustment, the priority, payment terms, collateral, payment dates, payment sources, covenants and other terms or provisions of the Lease Agreement and the Series 2026 Bonds may be altered. Such a plan could be confirmed even over the objections of the Trustee and the Owners, and without their consent. For example, the amount of the Base Rental Payments from the City might be substantially reduced because of the power of the bankruptcy court under the Bankruptcy Code to adjust secured claims to the value of their collateral, which, as described above, could be limited to the Base Rental Payments held by the Trustee. In addition, there can be a substantial disparity in treatment based on the nature of the Property. Whether the Lease Agreement is characterized by the bankruptcy court as a true lease or a financing lease, either scenario could result in the Owners not receiving the full amount of the principal and interest due on the Series 2026 Bonds.

The opinions of counsel, including Bond Counsel, delivered in connection with the issuance of the Series 2026 Bonds will be so qualified. Bankruptcy proceedings, or the exercising of powers by the federal or state government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation, or modification of their rights.

Possible Insufficiency of Insurance Proceeds

The Lease Agreement obligates the City to keep in force various forms of insurance, subject to deductibles, for repair or replacement of the Property in the event of damage, destruction or title defects, subject to certain exceptions. The Authority and the City make no representation as to the ability of any insurer to fulfill its obligations under any insurance policy obtained pursuant to the Lease Agreement and no assurance can be given as to the adequacy of any such insurance to fund necessary repair or replacement or to pay principal of and interest on the Series 2026 Bonds when due. In addition, certain risks, such as earthquakes and floods, are not required to be insured under the Lease Agreement, and therefore, are not carried by the City. See "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS—Insurance."

Loss of Tax Exemption

As discussed under the heading "TAX MATTERS," the interest on the Series 2026 Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date of delivery of the Series 2026 Bonds, as a result of acts or omissions of the Authority or the City in violation of its covenants in the Indenture and the Lease Agreement. Should such an event of taxability occur, the Series 2026

Bonds would not be subject to a special redemption and would remain Outstanding until maturity or until redeemed under the redemption provisions contained in the Indenture.

No Liability of Authority to the Owners

Except as expressly provided in the Indenture, the Authority will not have any obligation or liability to the Owners of the Series 2026 Bonds with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of other agreements and covenants required to be performed by it contained in the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

Dependence on State for Certain Revenues

A number of the City's revenues are collected and dispersed by the State (such as sales taxes and the VLF) or allocated in accordance with State law (most importantly, property taxes). Therefore, State budget decisions can have an impact on City finances. In the event of a material economic downturn in the State, there can be no assurance that any resulting revenue shortfalls to the State will not reduce revenues to local governments (including the City) or shift financial responsibility for programs to local governments as part of the State's efforts to address any such related State financial difficulties.

The City cannot predict the extent of the budgetary problems the State may encounter in future fiscal years, and it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the City cannot predict the impact that State budgets will have on the City's finances and operations or what actions will be taken in the future by the State Legislature and the Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by international, national and State economic conditions and other factors over which the City has no control.

For additional information regarding the 2026-27 State Budget, see the DOF and LAO websites: www.dof.ca.gov and www.lao.ca.gov. However, the information presented on such website is not incorporated herein by any reference.

Cybersecurity

The City, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the City is subject to multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage. The City employs a multi-level cyber protection scheme that includes network firewalls, server- and personal computer- level anti-virus software, anti-spam/malware software, email protection as well as intrusion protection. The City also conducts periodic cybersecurity training for City employees. To date, the City has not experienced an attack on its computer operating systems which resulted in a breach of its cybersecurity systems that are in place. However, no assurances can be given that the City's efforts to manage cyber threats and attacks will be successful or that any such attack will not materially impact the operations or finances of the City. Additionally, the City carries cybersecurity insurance.

Bond Insurance

In the event of default of the payment of the scheduled principal of or interest on the Insured Series 2026 Bonds when all or some becomes due, the Trustee on behalf of any owner of the Insured Series 2026 Bonds shall have a claim under the Policy for such payments. The Insurer may direct and must consent to any remedies with respect to the Insured Series 2026 Bonds and the Insurer's consent may be required in connection with amendments to any applicable documents relating to the Bonds. See Appendix B—"SUMMARY OF THE PRINCIPAL LEGAL DOCUMENTS."

The Insurer is expected to insure a majority of the Series 2026 Bonds and will therefore have the ability to direct the actions of the Trustee give consents and waivers and take other actions without regard to the views of the Owners of the Series 2026 Bonds. As a result, Owners of the Bonds may be limited in the rights and remedies they are able to exercise in the event of a default by the City under the Lease Agreement. The Insurer may have different business and other interests than the Owners of the Series 2026 Bonds.

The long-term ratings on the Insured Series 2026 Bonds are dependent in part on the financial strength of the Insurer and its claims paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and the ratings on the Insured Series 2026 Bonds will not be subject to downgrade and such event could adversely affect the market price of the Insured Series 2026 Bonds or the marketability (liquidity) for the Insured Series 2026 Bonds. See the caption "RATINGS" herein.

The obligations of the Insurer are unsecured contractual obligations and in an event of default by the Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

None of the Authority, the City, or the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the City to make Base Rental Payments when due under the Lease Agreement and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information regarding the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

CONSTITUTIONAL AND STATUTORY LIMITATIONS ON TAXES AND APPROPRIATIONS

Principal of and interest on the Series 2026 Bonds are payable from Base Rental Payments made from the City's General Fund. See the caption "SECURITY AND SOURCES OF PAYMENT FOR THE SERIES 2026 BONDS." Articles XIIIA, XIIIB, XIIIC and XIIID of the State Constitution, Propositions 62, 111, 218, 1A and 22, and certain other provisions of law discussed below are included in this Official Statement to describe the potential effect of these Constitutional and statutory measures on the ability of the City to levy taxes and spend tax proceeds for operating and other purposes.

Article XIIIA of the State Constitution

On June 6, 1978, State voters approved Proposition 13, which added Article XIIIA to the State Constitution. Article XIIIA, as amended, limits the amount of any *ad valorem* tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* taxes may be levied to pay debt service: (i) on indebtedness approved by the voters prior to December 1, 1978; (ii) on bonded indebtedness approved by a two-thirds vote on or after December 1, 1978, for the acquisition or improvement of real property; or (iii) bonded indebtedness incurred by a school district, community college district or county office of education for the construction, reconstruction, rehabilitation or replacement of school facilities, including the furnishing and equipping of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters voting on the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, including a general economic downturn, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Legislation Implementing Article XIIIA

Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by counties and distributed according to a formula among taxing agencies.

Increases in assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the 2% annual adjustment are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

All taxable property is shown at full cash value on the tax rolls. Consequently, the tax rate is expressed as $1 per $100 of taxable value. All taxable property value included in this Official Statement is shown at 100 percent of taxable value (unless noted differently) and all tax rates reflect the $1 per $100 of taxable value.

Article XIIIB of the State Constitution

In addition to the limits that Article XIIIA imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual "appropriations limit" imposed by Article XIIIB which effectively limits the amount of such revenues that such entities are permitted to spend. Article XIIIB, approved by the voters in June 1979, was modified substantially by Proposition 111 in 1990. The appropriations limit of each government entity applies to "proceeds of taxes," which consist of tax revenues and the investment proceeds thereof, State subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service." "Proceeds of taxes" excludes tax refunds and some benefit payments such as unemployment insurance. No limit is imposed on the appropriation of funds which are not "proceeds of taxes," such as reasonable user charges or fees, and certain other non-tax funds. Article XIIIB also does not limit appropriation of local revenues to pay debt service on bonds existing or authorized as of October 1, 1979, or subsequently authorized by the voters (such as the Bonds), appropriations required to comply with mandates of courts or the federal government, appropriations for qualified capital outlay projects, and appropriation by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. The appropriations limit may also be exceeded in case of emergency; however, the appropriations limit for the next three years following such emergency appropriation must be reduced to the extent by which it was exceeded, unless the emergency arises from civil disturbance or natural disaster declared by the Governor, and the expenditure is approved by two-thirds of the legislative body of the local government.

The State and each local government entity has its own appropriations limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another government entity of financial responsibility for providing services. Proposition 111 requires that each local government's actual appropriations be tested against its limit every two years.

If the aggregate "proceeds of taxes" for the preceding two-year period exceeds the aggregate limit, the excess must be returned to the agency's taxpayers through tax rate or fee reductions over the following two years.

The City's appropriations have never exceeded the limitation on appropriations under Article XIIIB.

Articles XIIIC and XIIID of the State Constitution

On November 5, 1996, State voters approved Proposition 218, known as the "Right to Vote on Taxes Act." Proposition 218 adds Articles XIIIC and XIIID to the State Constitution and contains a number of interrelated provisions affecting the ability of the City to levy and collect both existing and future taxes, assessments and property-related fees and charges. The interpretation and application of Proposition 218 will ultimately be determined by the courts with respect to a number of the matters discussed below, and it is not possible at this time to predict with certainty the outcome of such determination.

Article XIIIC requires that all new local taxes be submitted to the electorate before they become effective. Taxes for general governmental purposes of the City require a majority vote and taxes for specific purposes, even if deposited in the City's General Fund, require a two-thirds vote. The voter approval requirements of Proposition 218 reduce the flexibility of the City to raise revenues for the General Fund, and no assurance can be given that the City will be able to impose, extend or increase such taxes in the future to meet increased expenditure needs.

Article XIIID also adds several provisions making it generally more difficult for local agencies to levy and maintain property-related fees, charges, and assessments for municipal services and programs, such as hearings and stricter and more individualized benefit requirements and findings. These provisions include, among other things: (i) a prohibition against assessments which exceed the reasonable cost of the proportional special benefit conferred on a parcel; (ii) a requirement that assessments must confer a "special benefit," as defined in Article XIIID, over and above any general benefits conferred; (iii) a majority protest procedure for assessments which involves the mailing of notice and a ballot to the record owner of each affected parcel, a public hearing and the tabulation of ballots weighted according to the proportional financial obligation of the affected party; and (iv) a prohibition against fees and charges which are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. If the City is unable to continue to collect these revenues, the services and programs funded with these revenues would have to be curtailed and/or the City's General Fund might have to be used to support them. The City is unable to predict whether or not in the future it will be able to continue all existing services and programs funded by the fees, charges and assessments in light of Proposition 218 or, if these services and programs are continued, which amounts (if any) would be used from the City's General Fund to continue to support such activities.

Article XIIIC also removes limitations on the initiative power in matters of reducing or repealing local taxes, assessments, fees or charges. This extension of the initiative power is not limited to taxes imposed on or after November 6, 1996, the effective date of Proposition 218, and could result in retroactive repeal or reduction in any existing taxes, assessments, fees and charges, subject to overriding federal constitutional principles relating to the impairments of contracts. Legislation implementing Proposition 218 provides that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution. However, no assurance can be given that the voters of the City will not, in the future, approve an initiative or initiatives which reduce or repeal local taxes, assessments, fees or charges currently comprising a substantial part of the City's General Fund.

Although a portion of the City's General Fund revenues are derived from taxes purported to be governed by Proposition 218, all of such taxes were imposed in accordance with the requirements of Proposition 218.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election and: (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the City be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax; (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax; (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed; (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIIIA; (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (f) requires that any tax imposed by a local governmental entity on or after July 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

California appellate court cases have overturned the provisions of Proposition 62 pertaining to the imposition of taxes for general government purposes. However, the California Supreme Court upheld Proposition 62 in its decision on August 28, 1995 in *Fresno County Transportation Authority v. Guardino*. This decision reaffirmed the constitutionality of Proposition 62. Certain matters regarding Proposition 62 were not addressed in the Court's decision, such as what remedies exist for taxpayers subject to a tax not in compliance with Proposition 62, and whether the decision applies to charter cities. The City has not experienced any substantive adverse financial impact as a result of the passage of Proposition 62.

Proposition 1A

Proposition 1A, proposed by the State Legislature in connection with the State's fiscal year 2004-05 budget, approved by the voters in November 2004 and generally effective in State fiscal year 2006-07, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in State fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State also will not be able to borrow from local property tax revenues for more than two fiscal years within a period of ten fiscal years. In addition, the State cannot reduce the local sales tax rate or restrict the authority of local governments to impose or change the distribution of the State-wide local sales tax. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the motor vehicle license fee rate currently in effect, 0.65% of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable City revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the City.

Many of the provisions of Proposition 1A have been superseded by Proposition 22 enacted in November 2010 and described below.

Proposition 22

On November 2, 2010, the voters of the State approved Proposition 22, known as "The Local Taxpayer, Public Safety, and Transportation Protection Act" ("Proposition 22"). Proposition 22, among other things, broadens the restrictions established by Proposition 1A. While Proposition 1A permits the State to appropriate or borrow local property tax revenues on a temporary basis during times of severe financial hardship, Proposition 22 amends Article XIII of the State Constitution to prohibit the State from appropriating or borrowing local property tax revenues under any circumstances. The State can no longer borrow local property tax revenues on a temporary basis even during times of severe financial hardship. Proposition 22 also prohibits the State from appropriating or borrowing proceeds derived from any tax levied by a local government solely for the local government's purposes. Furthermore, Proposition 22 restricts the State's ability to redirect redevelopment agency property tax revenues to school districts and other local governments and limits uses of certain other funds although this provision no longer has any meaningful impact given the statewide dissolution of redevelopment agencies. Proposition 22 is intended to stabilize local government revenue sources by restricting the State government's control over local revenues. The City cannot predict whether Proposition 22 will have a beneficial effect on the City's financial condition

Proposition 26

On November 2, 2010, State voters also approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental or lease of local government property; (e) a fine, penalty or other monetary charge imposed by the judicial branch of government or a local government as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity. The City does not believe that Proposition 26 will adversely affect its General Fund revenues.

Possible Future Initiatives

Articles XIIIA, XIIIB, XIIIC and XIIID and Propositions 218, 111, 62, 1A, 22 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time other initiative measures could be adopted, further affecting revenues of the City or the City's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the City.

For example, California lawmakers have placed a constitutional amendment (ACA-22) on the November 3, 2026 ballot that, if approved by voters, would require all local special taxes receive two-thirds voter approval and prohibit local governments from imposing ad valorem taxes on real property except as otherwise provided in the Constitution. Currently, local special taxes sponsored by a governing body (such as a city council or board of supervisors) require two-thirds voter approval, but special taxes proposed through a voter initiative process may be approved by a simple majority.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth LLP (the "Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2026 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than $1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Series 2026 Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Series 2026 Bonds is exempt from State personal income tax.

Bond Counsel's opinion as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Series 2026 Bonds is based upon certain representations of fact and certifications made by the Authority and others and is subject to the condition that the Authority comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026 Bonds to assure that interest (and original issue discount) on the Series 2026 Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Series 2026 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Bonds. The Authority has covenanted to comply with all such requirements.

In the opinion of Bond Counsel, the difference between the issue price of a Series 2026 Bond (the first price at which a substantial amount of the Series 2026 Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity of such Series 2026 Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Beneficial Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Beneficial Owner will increase the Beneficial Owner's basis in the applicable Series 2026 Bond. The amount of original issue discount that accrues to the Beneficial Owner of a Series 2026 Bond is excluded from the gross income of such Beneficial Owner for federal income tax purposes, is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and is exempt from State personal income tax.

The amount by which a Series 2026 Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2026 Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable bond premium reduces the Series 2026 Bond Owner's basis in the applicable Series 2026 Bond (and the amount of tax-exempt interest received with respect to the Series 2026 Bonds), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of bond premium may result in a Series 2026 Bond Owner realizing a taxable gain when a Series 2026 Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2026 Bond to the Owner. Purchasers of the Series 2026 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The IRS has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Series 2026 Bonds will be selected for audit by the IRS. It is also possible that the market value of the Series 2026 Bonds might be affected as a result of such an audit of the Series 2026 Bonds (or by an audit of similar municipal obligations). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Series 2026 Bonds to the extent that it adversely affects the exclusion from gross income of interest (and original issue discount) on the Series 2026 Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2026 BONDS THERE MIGHT BE FEDERAL, STATE OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE OR LOCAL TAX TREATMENT OF THE SERIES 2026 BONDS, INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE SERIES 2026 BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE SERIES 2026 BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE SERIES 2026 BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE SERIES 2026 BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE SERIES 2026 BONDS.

Bond Counsel’s opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Indenture and the Tax Certificate relating to the Series 2026 Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Series 2026 Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth LLP.

Although Bond Counsel has rendered an opinion that interest (and original issue discount) on the Series 2026 Bonds is excluded from gross income for federal income tax purposes provided that the Authority continues to comply with certain requirements of the Code, the ownership of the Series 2026 Bonds and the accrual or receipt of interest (and original issue discount) on the Series 2026 Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of Series 2026 Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Series 2026 Bonds. Should interest (and original issue discount) on the Series 2026 Bonds become includable in gross income for federal income tax purposes, the Series 2026 Bonds are not subject to early redemption and will remain outstanding until maturity or until redeemed in accordance with the Indenture.

A complete copy of the proposed form of opinion of Bond Counsel is attached hereto as Appendix D.

CERTAIN LEGAL MATTERS

The validity of the Series 2026 Bonds and certain other legal matters are subject to the approving opinion of Stradling Yocca Carlson & Rauth LLP, Bond Counsel. Stradling Yocca Carlson & Rauth LLP is also acting as Disclosure Counsel to the City and Authority. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix D hereto. Bond and Disclosure Counsel will receive compensation from the City contingent upon the sale and delivery of the Series 2026 Bonds. From time to time, Bond and Disclosure Counsel represents the Underwriter on matters unrelated to the Series 2026 Bonds. Certain legal matters will be passed upon for the Underwriter by Anzel Galvan LLP. Counsel to the Underwriter will receive compensation contingent upon the issuance of the Series 2026 Bonds.

ABSENCE OF LITIGATION

To the best knowledge of the City and the Authority, there is no action, suit or proceeding pending or threatened either restraining or enjoining the execution or delivery of the Series 2026 Bonds, the Lease Agreement, the Ground Lease or the Indenture, or in any way contesting or affecting the validity of the foregoing or any proceedings of the Authority or the City taken with respect to any of the foregoing.

UNDERWRITING

The Series 2026 Bonds are being purchased by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"). The Underwriter will purchase the Series 2026 Bonds from the Authority at an aggregate purchase price of $_______ (representing the principal amount of the Series 2026 Bonds, plus a [net] original issue premium of $________ and less an Underwriter's discount of $_______).

The purchase agreement relating to the Series 2026 Bonds provides that the Underwriter will purchase all of the Series 2026 Bonds if any are purchased. The obligation to make such purchase is subject to certain terms and conditions set forth in such purchase agreement, the approval of certain legal matters by counsel and certain other conditions.

The initial offering prices that are stated on the inside front cover page of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2026 Bonds to certain dealers (including dealers depositing Series 2026 Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

RATINGS

S&P Global Ratings, a Standard & Poor's Financial Services LLC business ("S&P") has assigned an issuer credit rating of "AA-" with a stable outlook to the Series 2026 Bonds. S&P is also expected to assign the Insured Series 2026 Bonds the rating of "AA" (stable outlook) based upon the delivery of the Policy by the Insurer at the time of issuance of the Insured Series 2026 Bonds. See the caption "BOND INSURANCE." Such ratings reflect only the views of S&P and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same. Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Series 2026 Bonds. None of the Authority, the City, or the Underwriter has undertaken any responsibility either to bring to the attention of the owners of the Series 2026 Bonds a proposed change in or withdrawal of any ratings or to oppose any such proposed revision or withdrawal.

MUNICIPAL ADVISOR

The City and the Authority have retained Del Rio Advisors, LLC of Modesto, California, as municipal advisor (the "Municipal Advisor") in connection with the offering of the Bonds. All financial and other information presented in this Official Statement has been provided by the City, the Authority and others from their records. Unless otherwise footnoted, the Municipal Advisor takes no responsibility for the accuracy or completeness of the data provided by the City, Authority or others and has not undertaken to make an independent verification or does not assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement. The Municipal Advisor has assisted the City and the Authority with the structure, timing and terms for the sale of the Bonds. The Municipal Advisor provides municipal advisory services only and does not engage in the underwriting, marketing, or trading of municipal securities or other negotiable instruments. The fee of the Municipal Advisor is contingent upon the successful closing of the Bonds.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of the Owners of the Series 2026 Bonds to provide annually certain financial information and operating data relating to the Series 2026 Bonds and the City (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. For a complete listing of items of information which will be provided in each Annual Report and further description of the City's undertaking with respect to the Annual Report and certain enumerated events, see APPENDIX E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE." The Annual Report is to be provided by the City not later than March 31 after the end of the City's fiscal year, commencing with the report for fiscal year 2025-26. The Annual Report will be filed by the City with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with Rule 15c2-12.

Within the last five, years the City and its related entities have not failed to timely file all required information pursuant to its existing continuing disclosure undertakings pursuant to Rule 15c2-12 except as described below:

In connection with the Improvement Area No. 1 of the City of Dixon Community Facilities District No. 2019-1 (Homestead) Special Tax Bonds, Series 2020, the City was required to report the amount of parity bonds issued during the prior fiscal year. The annual report for fiscal year 2020-21 failed to specify that no parity bonds were issued during the reporting period.

FINANCIAL STATEMENTS OF THE CITY

Included herein as Appendix C are the audited financial statements of the City for the fiscal year ended June 30, 2025, together with the report thereon dated December 17, 2025 of MUN CPAs, LLP, Sacramento, California, certified public accountants (the "Auditor"). Such audited financial statements have been included herein in reliance upon the report of the Auditor. The City's financial statements are public documents and are included within this Official Statement without the prior approval of the Auditor. Accordingly, the Auditor has not performed any post-audit review of the financial condition of the City and also has not performed any procedures relating to this Official Statement. The Auditor has not undertaken to update the audited financial statements of the City or its report, and no opinion is expressed by the Auditor with respect to any event subsequent to its report dated December 17, 2025.

MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Indenture, the Lease Agreement, the Ground Lease and other documents are available, upon request, and upon payment to the City of a charge for copying, mailing and handling, from the City Clerk at the City of Dixon, 600 East A St, Dixon, California 95620.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Authority or the City and the purchasers or Owners of any of the Series 2026 Bonds.

The execution and delivery of this Official Statement have been duly authorized by the Authority and the City.

DIXON FINANCING AUTHORITY

By:____
Executive Director

CITY OF DIXON

By:____
City Manager

APPENDIX A

ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY OF DIXON

Population

The following table summarizes population estimates for the City of Dixon, the County and the State from 2022 through 2026.

POPULATION ESTIMATES
City of Dixon,
County of Solano and State of California
2022-2026[(1)]

Year (January 1)	*City of Dixon*	*County of Solano*	*State of California*
2022	19,117	448,508	39,159,480
2023	19,218	447,665	39,167,274
2024	19,719	451,828	39,446,835
2025	20,380	453,579	39,646,907
2026	20,567	452,050	39,592,978

(1) January 1 data.
Source: California State Department of Finance, Demographic Research Unit., *E-4 Population Estimates for Cities, Counties, and the State, 2021-2026, with 2020 Census Benchmark*

Building Activity

The annual building permit valuations and number of permits for new dwelling units issued for the past five years of data currently available for the City and County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2021 through 2025
City of Dixon
(Dollars in Thousands)

	2021	*2022*	*2023*	*2024*	*2025*
Valuation					
Residential	$ 20,421	$ 38,473	$ 42,152	$ 88,046	$ 12,347
Non-Residential	1,530	20,367	16,783	11,324	27,340
Total	$ 21,951	$ 58,840	$ 58,935	$ 99,370	$ 39,687
Units					
Single Family	57	209	145	225	66
Multiple Family	44	0	72	113	43
Total	101	209	217	338	109

Note: Totals may not sum due to rounding.
Source: Construction Industry Research Board for 2021 through 2024; City of Dixon for 2025.

BUILDING PERMITS AND VALUATIONS
2020 through 2024
Solano County
(Dollars in Thousands)

	2020	*2021*	*2022*	*2023*	*2024*
Valuation					
Residential	$ 404,231	$ 401,737	$ 413,829	$ 259,650	$ 295,426
Non-Residential	172,479	151,964	190,375	102,637	110,801
Total	$ 576,710	$ 553,701	$ 604,204	$ 362,287	$ 406,227
Units					
Single Family	981	909	872	649	672
Multiple Family	716	347	603	216	167
Total	1,697	1,256	1,475	865	839

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

Personal Income

Personal Income is the income that is received by all persons from all sources. It is calculated as the sum of wage and salary disbursements, supplements to wages and salaries, proprietors' income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and personal current transfer receipts, less contributions for government social insurance.

The personal income of an area is the income that is received by, or on behalf of, all the individuals who live in the area; therefore, the estimates of personal income are presented by the place of residence of the income recipients.

The following table summarizes per capita personal income for the County, the State of California and the United States for the years 2015 through 2024. This measure of income is calculated as the personal income of the residents of the area divided by the resident population of the area.

PER CAPITA PERSONAL INCOME[1]
County of Solano, State of California, and United States
2015-2024

Year	*County of Solano*	*California*	*United States*
2015	$43,584	$53,816	$48,062
2016	45,437	55,862	48,974
2017	46,639	58,214	51,006
2018	48,563	60,984	53,311
2019	51,607	64,219	55,567
2020	58,630	70,100	59,151
2021	59,802	77,134	64,692
2022	60,904	77,196	66,298
2023	63,212	81,196	70,002
2024	67,744	86,232	73,204

(1) Per capita personal income is the total personal income divided by the total mid-year population estimates of the U.S. Bureau of the Census. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Employment

The following table summarizes the labor force, employment and unemployment figures for the past five years of data currently available for the City, the County, the State and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
2021 through 2025[1]
City of Dixon, Solano County, the State of California and the United States

Year and Area	*Labor Force*	*Employment[2]*	*Unemployment*	*Unemployment Rate (%)[3]*
2021				
City of Dixon	9,400	8,900	500	5.4%
Solano County	208,800	193,800	15,000	7.2
State of California	19,013,800	17,619,300	1,394,500	7.3
United States	161,204,000	152,581,000	8,623,000	5.3
2022				
City of Dixon	9,800	9,600	200	2.2%
Solano County	210,200	201,500	8,700	4.1
State of California	19,267,400	18,441,400	826,100	4.3
United States	164,287,000	158,291,000	5,996,000	3.6
2023				
City of Dixon	10,100	9,800	300	2.5%
Solano County	214,400	205,000	9,400	4.4
State of California	19,514,600	18,593,600	921,000	4.7
United States	167,116,000	161,037,000	6,080,000	3.6
2024				
City of Dixon	10,200	9,900	300	2.9%
Solano County	218,000	207,200	10,800	4.9
State of California	19,692,800	18,650,700	1,042,200	5.3
United States	168,106,000	161,346,000	6,761,000	4.0
2025				
City of Dixon	N/A	N/A	N/A	N/A
Solano County	220,800	209,100	11,700	5.3
State of California	19,823,800	18,738,500	1,085,300	5.5
United States	170,807,000	163,493,000	7,314,000	4.3

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2025 Benchmark.

Industry

The County is included in the Vallejo Metropolitan District (the "MD"). The distribution of employment in the MD is presented in the following table for the past five calendar years. These figures are area-wide statistics and may not necessarily accurately reflect employment trends in the City.

INDUSTRY EMPLOYMENT & LABOR FORCE ANNUAL AVERAGES
Vallejo Metropolitan Statistical Area
(Solano County)
2021-2025(1)

	2021	*2022*	*2023*	*2024*	*2025*
Civilian Labor Force	208,800	210,200	214,400	218,000	220,800
Civilian Employment	193,700	201,500	205,000	207,200	209,100
Civilian Unemployment	15,000	8,700	9,400	10,800	11,700
Civilian Unemployment Rate	7.2%	4.1%	4.4%	4.9%	5.3%
Total Farm	1,600	1,600	1,500	1,500	1,400
Total Nonfarm	133,900	139,900	142,700	145,000	146,200
Total Private	111,000	116,500	118,800	120,400	121,700
Goods Producing	22,800	23,700	23,300	22,700	22,500
Mining & Logging	300	300	300	200	200
Construction	11,600	12,100	11,800	11,100	11,200
Manufacturing	10,900	11,200	11,200	11,400	11,100
Service Providing	111,100	116,200	119,400	122,300	123,700
Trade, Transportation & Utilities	26,800	27,600	28,100	28,400	28,100
Wholesale Trade	4,000	4,100	4,200	4,100	4,100
Retail Trade	17,500	17,600	17,500	17,300	17,200
Transportation, Warehousing & Utilities	5,300	6,000	6,400	7,100	6,900
Information	800	900	900	900	900
Financial Activities	4,800	4,800	4,700	4,800	4,800
Professional & Business Services	10,400	10,900	11,100	11,200	11,100
Educational & Health Services	27,600	28,500	29,900	31,800	33,600
Leisure & Hospitality	13,600	15,500	16,000	15,700	15,900
Other Services	4,200	4,700	4,900	4,900	4,900
Government	22,900	23,400	23,900	24,500	24,500
Total, All Industries	135,500	141,500	144,200	146,500	147,600

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.

(1) Employment is reported by place of work; it does not include persons involved in labor-management disputes. Figures are rounded to the nearest hundred. Columns may not add to totals due to rounding.

Source: State of California, Employment Development Department, *Industry Employment & Labor Force by Annual Average, March 2025 Benchmark.*

Principal Employers

The following tables list the principal employers located in the City and the County for the periods shown below.

MAJOR EMPLOYERS
City of Dixon
2025

Rank	*Name of Business*	*Employees*	*Percent of Total City Employment*
1.	Dixon Unified School District	453	4.58%
2.	Cardinal Health	300	3.03
3.	Altec Industries	240	2.42
4.	Wal-Mart	235	2.37
5.	Dixon Canning (Campbell's)	193	1.95
6.	City of Dixon	192	1.94
7.	Basalite	185	1.87
8.	Superior Packing	151	1.53
9.	Gold Star Foods	132	1.33
10.	First Northern Bank	48	0.48

Source: City of Dixon Annual Comprehensive Financial Report for the year ending June 30, 2025.

PRINCIPAL EMPLOYERS
2025
Solano County

Rank:	*Employer*	*Employees*
1.	Travis AFB	11,404
2.	Kaiser Foundation Hospitals	6,988
3.	County of Solano	3,259
4.	Fairfield-Suisun Unified School District	2,432
5.	NorthBay Healthcare System	1,969
6.	California Medical Facility	1,853
7.	Vallejo Unified School District	1,644
8.	Vacaville Unified School District	1,426
9.	Amazon.com, Inc.	1,100
10.	City of Vacaville	940

Source: County of Solano, Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2025.

Education

K-12 public instruction in the City is provided by the Dixon Unified School District, which is the third largest school district in Solano County. The City includes 3 elementary schools, 1 middle school, 1 comprehensive high school, 1 continuation high school, and 1 community day school.

Housing Market

The median home sales prices for the City, the County and the cities of Davis, Fairfield and Vacaville as of May 31, 2026 are shown in the following table:

MEDIAN HOME SALES PRICES
As of May 31, 2026

Area	*Median Sale Price*
City of Dixon	$613,513
City of Fairfield	582,167
City of Davis	818,833
City of Vacaville	599,000
Solano County	559,000

Source: Zillow.com/home-values, accessed on August 4, 2026.

Assessed Value of Taxable Property

The table below sets forth the assessed values of taxable property in the County for the last ten fiscal years.

COUNTY OF SOLANO
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	*Total*
2025	$77,579,058,224
2024	73,517,076,522
2023	69,904,769,286
2022	66,807,006,308
2021	62,304,767,500
2020	60,493,772,968
2019	57,621,468,703
2018	54,604,488,570
2017	51,753,424,096
2016	48,822,843,080

Source: County of Solano, Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2025.

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE PRINCIPAL LEGAL DOCUMENTS

The following is a summary of certain provisions of the Lease Agreement and the Indenture which are not described elsewhere in this Official Statement. This summary does not purport to be comprehensive and reference should be made to the respective document for a full and complete statement of the provisions thereof.

INDENTURE

DEFINITIONS; EQUAL SECURITY

Definitions. Unless the context otherwise requires, the terms defined in the Indenture for all purposes thereof and of any amendment thereof or supplement thereto and of the Bonds and of any certificate, opinion, request or other document mentioned in the Indenture or any amendment thereof or supplement thereto have the meanings defined in the Indenture, the following definitions to be equally applicable to both the singular and plural forms of any of the terms defined in the Indenture. Capitalized terms not otherwise defined in the Indenture have the meanings assigned to such terms in the Lease Agreement.

"Act" means the Marks-Roos Local Bond Pooling Act of 1985, commencing with Section 6584 of the California Government Code.

"Additional Bonds" means Bonds other than the Series 2026 Bonds issued under the Indenture in accordance with the provisions described under the captions "ISSUANCE OF BONDS; APPLICATION OF PROCEEDS—Conditions for the Issuance of Additional Bonds" and "—Procedure for the Issuance of Additional Bonds."

"Additional Rental Payments" means all amounts payable by the City as Additional Rental Payments pursuant to the Lease Agreement.

"Assignment Agreement" means the Assignment Agreement, dated as of the date of the Indenture, by and between the Authority and the Trustee, as amended and supplemented from time to time.

"Authority" means the Dixon Financing Authority, a joint exercise of powers entity organized and existing under and by virtue of the laws of the State of California.

"Authorized Authority Representative" means the Chair, Vice Chair, Executive Director, Treasurer and Secretary of the Authority, or any other person authorized by the Board of Directors of the Authority to act on behalf of the Authority under or with respect to the Indenture.

"Authorized City Representative" means the Mayor of the City, the Vice Mayor of the City, the City Manager of the City, the Finance Director of the City or the City Clerk, or any other person authorized by the City Council of the City to act on behalf of the City under or with respect to the Indenture.

"Authorized Denominations" means $5,000 or any integral multiple thereof.

"Base Rental Payment Fund" means the fund by that name established in accordance with the Indenture.

"Base Rental Payments" means all amounts payable to the Authority by the City as Base Rental Payments pursuant to the Lease Agreement.

"Beneficial Owner" means, whenever used with respect to a Book-Entry Bond, the person whose name is recorded as the beneficial owner of such Book-Entry Bond or a portion of such Book-Entry Bond by a Participant on the records of such Participant or such person's subrogee.

"Bonds" means the Series 2026 Bonds and any Additional Bonds issued under the Indenture.

"Book-Entry Bonds" means the Bonds of a Series registered in the name of the nominee of DTC, or any successor securities depository for such Series of Bonds, as the registered owner thereof pursuant to the terms and provisions of the Indenture.

"Business Day" means a day which is not (a) a Saturday, Sunday or legal holiday, (b) a day on which banking institutions in the State of California, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

"Cede & Co." means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

"City" means the City of Dixon, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

"Closing Date" means [Closing Date].

"Code" means the Internal Revenue Code of 1986, as amended.

"Continuing Disclosure Certificate" means the Continuing Disclosure Certificate, dated as of the date of the Indenture, executed by the City, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Costs of Issuance" means all the costs of issuing and delivering the Bonds, including, but not limited to, all printing and document preparation expenses in connection with the Indenture, the Lease Agreement, the Ground Lease, the Assignment Agreement, the Bonds and any preliminary official statement and final official statement pertaining to the Bonds, rating agency fees, CUSIP Service Bureau charges, market study fees, legal fees and expenses of counsel with the issuance and delivery of the Bonds, the initial fees and expenses of the Trustee and its counsel, the initial fees and expenses of any bond insurer or reserve fund credit facility provider, and other fees and expenses incurred in connection with the issuance and delivery of the Bonds, to the extent such fees and expenses are approved by the City.

"Costs of Issuance Fund" means the fund by that name established in accordance with the Indenture.

"DTC" means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to the Indenture.

"Federal Securities" means (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America) and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

"Ground Lease" means the Ground Lease, dated as of the date of the Indenture, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with the provisions thereof and of the Lease Agreement.

"Indenture" means the Indenture, as originally executed and as it may be amended or supplemented from time to time by any Supplemental Indenture.

"Information Services" means Municipal Securities Rulemaking Board through the Electronic Municipal Marketplace Access (EMMA) website; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other services providing information with respect to called bonds as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

"Insured Series 2026 Bonds" means the Series 2026 Bonds maturing on May 1, 20__ through May 1, 20__, inclusive.

"Insurer" means Assured Guaranty Inc., or any successor thereto.

"Insurer Reimbursement Amounts" has the meaning given to such term under the captions "MISCELLANEOUS—Payment Procedure Under the Policy."

"Interest Fund" means the fund by that name established in accordance with the Indenture.

"Interest Payment Date" means May 1 and November 1 of each year, commencing on May 1, 2027.

"Joint Powers Agreement" means the Joint Exercise of Powers Agreement, dated April 7, 2026, by and between the City and the Dixon Industrial Development Authority, pursuant to which the Authority is established, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Late Payment Rate" means, as applicable: (A) under the Policy: the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 3%; and (ii) the then applicable highest rate of interest on the Insured Series 2026 Bonds; and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. (B) under the Series 2026 Reserve Policy: (a) the greater of: (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank at its principal office in the City of New York, as its prime or base lending rate (any change in such rate of interest to be effective on the date such change is announced by JPMorgan Chase Bank) plus 5%; and (ii) the then applicable highest rate of interest on the Insured Series 2026 Bonds; and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Late Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

"Lease Agreement" means the Lease Agreement, dated as of October 1, 2026, by and between the City and the Authority, as originally executed and as it may be from time to time amended in accordance with the provisions thereof.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation no longer performs the function of a securities rating agency for any reason, the term "Moody's" will be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"Office of the Trustee" means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority and the City by the Trustee in writing, except that with respect to presentation of Bonds for payment or for registration of transfer and exchange such term means the office or the agency of the Trustee at which, at any particular time, its corporate trust agency is conducted as specified to the Authority and the City by the Trustee in writing.

"Opinion of Counsel" means a written opinion of Stradling Yocca Carlson & Rauth LLP, or other counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority or the City and which written opinion is satisfactory to the Trustee.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture described under the caption "MISCELLANEOUS—Disqualified Bonds") all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds with respect to which all liability of the Authority has been discharged in accordance with the provisions of the Indenture described under the caption "DEFEASANCE—Discharge of Indenture;" and

(c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds have been authenticated and delivered by the Trustee pursuant to the Indenture.

"Owner" means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

"Participant" means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

"Participating Underwriter" has the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Permitted Investments" means any of the following to the extent then permitted by the general laws of the State of California:

(1) (a) Direct obligations (other than an obligation subject to —variation in principal repayment) of the United States of America ("United States Treasury Obligations"), (b) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (c) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, or (d) evidences of ownership of proportionate interests in future interest and principal payments on obligations described above held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying government obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated (collectively "United States Obligations"). These include, but are not necessarily limited to:

-U.S. Treasury obligations
  All direct or fully guaranteed obligations
-Farmers Home Administration
  Certificates of beneficial ownership
-General Services Administration
  Participation certificates
-U.S. Maritime Administration
  Guaranteed Title XI financing
-Small Business Administration
  Guaranteed participation certificates
  Guaranteed pool certificates
-Government National Mortgage Association (GNMA)
  GNMA-guaranteed mortgage-backed securities
  GNMA-guaranteed participation certificates
-U.S. Department of Housing & Urban Development
  Local authority bonds
-Washington Metropolitan Area Transit Authority
  Guaranteed transit bonds

(2) Federal Housing Administration debentures.

(3) The listed obligations of government-sponsored agencies which are not backed by the full faith and credit of the United States of America:

-Federal Home Loan Mortgage Corporation (FHLMC)
Participation certificates (excluded are stripped mortgage securities which are purchased at prices exceeding their principal amounts)
Senior debt obligations
-Farm Credit Banks (formerly: Federal Land Banks, Federal intermediate Credit Banks and Banks for Cooperatives)
Consolidated systemwide bonds and notes
-Federal Home Loan Banks (FHL Banks)
Consolidated debt obligations
-Federal National Mortgage Association (FNMA)
Senior debt obligations
Mortgage-backed securities (excluded are stripped mortgages securities which are purchased at prices exceeding their principal amounts)
-Financing Corporation (FICO)
Debt obligations
-Resolution Funding Corporation (REFCORP)
Debt obligations

(4) Bank deposit products, unsecured certificates of deposit (including those placed by a third party pursuant to an agreement between the City and the Trustee), trust funds, trust accounts, overnight banking deposits, interest bearing deposits, interest bearing money market accounts, time deposits, demand deposits, and bankers' acceptances (having maturities of not more than 30 days) of any bank (including the Trustee and any affiliate) the short-term obligations of which are rated "A-1" or "A-2" without regard to qualifier by a nationally recognized rating agency service.

(5) Deposits the aggregate amount of which are fully insured by the Federal Deposit Insurance Corporation (FDIC), in banks, including the Trustee and its affiliates, which have capital and surplus of at least $5 million.

(6) Commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "A-1" or better by S&P and "Prime-1" by Moody's.

(7) Money market mutual funds rated "AAm" or "AAm-G" by a nationally recognized rating agency service, or better (including those for which the Trustee or its affiliates receives and retains a fee for services provided to the fund, whether as a custodian, transfer agent, investment advisor or otherwise) but excluding such funds with a floating net asset value.

(8) Repurchase agreements:

With (1) any domestic bank, or domestic branch of a foreign bank or any non-bank financial institution or primary dealer as designated by the Federal Reserve the long term debt of which is rated at least "BBB+" by Standard & Poor's or Moody's (including the Trustee or any of its affiliates); or (2) any broker-dealer with "retail customers" or a related affiliate thereof which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "BBB+" by Standard & Poor's or Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (3) any other entity rated "BBB+" or better by Standard & Poor's or Moody's, provided that:

(a) The collateral is securities described in clause 1(a), (b) or (c) of this subsection, and the market value of the collateral is maintained at levels equal to 104% of the amount of cash transferred by the Trustee or the City to the provider of the repurchase agreement plus accrued interest with the collateral being valued weekly and marked-to-market at current market price plus accrued interest;

(b) The Trustee or a third party acting solely as agent therefor or for the City (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(c) The repurchase or reverse repurchase agreement states and an opinion of counsel is rendered at the time such collateral is delivered that the Holder of the Collateral has a first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(d) The repurchase or reverse repurchase agreement provides that if during its term the provider's rating by either Moody's or Standard & Poor's is withdrawn or suspended or falls below "BBB" by Standard & Poor's or "Baa2" by Moody's, as appropriate, the provider must, at the direction of Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Trustee or the City.

Notwithstanding the above, if a repurchase agreement has a term of 270 days or less (with no evergreen provision), collateral levels need not be as specified in (a) above, so long as such collateral levels are 103% or better and the provider is rated at least "A" by Standard & Poor's or Moody's, respectively.

(9) State Obligations

(a) Direct general obligations of any state of the United States or any subdivision or agency thereof to which is pledged the full faith and credit of a state the unsecured general obligation debt of which is rated "A2" by Moody's and "A" by S&P, or better, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured general obligation debt is so rated.

(b) Direct, general short-term obligations of any state agency or subdivision described in (a) above and rated "A-1+" by S&P and "Prime-1" by Moody's.

(c) Special Revenue Bonds (as defined in the United States Bankruptcy Code) of any state, state agency or subdivision described in (a) above and rated "AA" or better by S&P and "Aa" or better by Moody's.

(10) Local Agency Investment Fund of the State of California.

(11) Investment agreements, including guaranteed investment contracts, repurchase agreements and forward delivery agreements, that are obligations of an entity rated, or whose obligations are rated, or guaranteed by an entity which is rated or whose obligations are rated, (at the time the investment is entered into) not lower than "A-" by S&P or Fitch, or "A3" by Moody's.

(12) Pre-refunded municipal obligations rated "AAA" by S&P and "Aaa" by Moody's meeting the following requirements:

(a) the municipal obligations are (1) not subject to redemption prior to maturity or (2) the trustee for the municipal obligations has been given irrevocable instructions concerning their call and redemption and the issuer of the municipal obligations has covenanted not to redeem such municipal obligations other than as set forth in such instructions;

(b) the municipal obligations are secured by cash or United States Treasury Obligations which may be applied only to payment of the principal of, interest and premium on such municipal obligations;

(c) the principal of and interest on the United States Treasury Obligations (plus any cash in the escrow) has been verified by the report of independent certified public accountants to be sufficient to pay in full all principal of, interest, and premium, if any, due and to become due on the municipal obligations ("Verification");

(d) the cash or United States Treasury Obligations serving as security for the municipal obligations are held by an escrow agent or trustee in trust for owners of the municipal obligations;

(e) no substitution of a United States Treasury Obligation shall be permitted except with another United States Treasury Obligation and upon delivery of a new Verification; and

(f) the cash or United States Treasury Obligations are not available to satisfy any other claims, including those by or against the trustee or escrow agent.

The Trustee shall have no responsibility to monitor the ratings of Permitted Investments after the initial purchase of such Permitted Investments.

"Person" means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Policy" means the Municipal Bond Insurance Policy issued by the Insurer that guarantees the scheduled payment of principal of and interest on the Insured Series 2026 Bonds when due.

"Project" means the acquisition, construction and installation of certain public capital improvements including a new fire station (Fire Station 82) to be located in the southwest area of the City, and the renovation and second-story expansion of the existing police station located at 201 West A Street in the City, and related infrastructure improvements.

"Project Fund" means the fund by that name established in accordance with the Indenture.

"Principal Fund" means the account by that name established in accordance with the Indenture.

"Rebate Fund" means the fund by that name established in accordance with the Indenture.

"Rebate Requirement" has the meaning ascribed thereto in the Tax Certificate.

"Record Date" means the fifteenth day of the month next preceding an Interest Payment Date, whether or not such day is a Business Day.

"Redemption Fund" means the fund by that name established in accordance with the Indenture.

"Redemption Price" means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant to the Indenture.

"Registration Books" means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to the Indenture.

"Related Documents" has the meaning given to such term under the Indenture in accordance with the provisions described under the captions "SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS—Reserve Fund."

"Rental Payments" means, collectively, the Base Rental Payments and the Additional Rental Payments.

"Rental Period" means the period from the Closing Date through April 30, 2027 and, thereafter, the twelve-month period commencing on May 1 of each year during the term of the Lease Agreement.

"Representation Letter" means the Letter of Representations from the Authority to DTC, or any successor securities depository for any Series of Book-Entry Bonds, in which the Authority makes certain representations with respect to issues of its securities for deposit by DTC or such successor depository.

"Reserve Fund" means the fund by that name established and held by the Trustee under the caption "SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS—Reserve Fund."

"Reserve Fund Requirement" means, with respect to the Series 2026 Bonds, an amount equal to $_________ and with respect to any Additional Bonds, such amounts as shall be determined in accordance with the Supplemental Indenture, which amount may be zero dollars.

"S&P" means S&P Global Ratings, a Standard & Poor's Financial Services LLC business, its successors and assigns, except that if such entity no longer performs the functions of a securities rating agency for any reason, the term "S&P" will be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

"Securities Depositories" means The Depository Trust Company; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other securities depositories as the Authority may designate in a Written Certificate of the Authority delivered to the Trustee.

"Series" means the Series 2026 Bonds executed, authenticated and delivered on the Closing Date and identified pursuant to the Indenture and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

"Series 2026 Bonds" means the Dixon Financing Authority Lease Revenue Bonds, Series 2026 issued under the Indenture.

"Series 2026 Reserve Policy" means the municipal bond debt service reserve insurance policy No. _____ issued by the Insurer and deposited in the Series 2026 Bonds Account of the Reserve Fund to satisfy the Reserve Fund Requirement for the Series 2026 Bonds.

"Supplemental Indenture" means any supplemental indenture amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

"Tax Certificate" means the Tax Certificate executed by the Authority and the City at the time of issuance of the Series 2026 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Trustee" means U.S. Bank Trust Company, National Association, a national banking association duly organized and existing under and by virtue of the laws of the United States, or any successor thereto as Trustee under the Indenture, appointed as provided therein.

"Written Certificate of the Authority" and "Written Request of the Authority" mean, respectively, a written certificate or written request signed in the name of the Authority by an Authorized Authority Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined will be read and construed as a single instrument

"Written Certificate of the City" and "Written Request of the City" mean, respectively, a written certificate or written request signed in the name of the City by an Authorized City Representative. Any such certificate or request may, but need, not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined will be read and construed as a single instrument.

Equal Security. In consideration of the acceptance of the Bonds by the Owners thereof, the Indenture will be deemed to be and will constitute a contract among the Authority, the City, the Trustee and the Owners from time to time of all Bonds authorized, executed, issued and delivered thereunder and then Outstanding to secure the full and final payment of the principal of, premium, if any, and interest on all Bonds which may from time to time be authorized, executed, issued and delivered thereunder, subject to the agreements, conditions, covenants and provisions contained therein; and all agreements and covenants set forth therein to be performed by or on behalf of the Authority or the City are for the equal and proportionate benefit, protection and security of all Owners of the Bonds without distinction, preference or priority as to security or otherwise of any Bonds over any other Bonds by reason of the number or date thereof or the time of authorization, sale, execution, issuance or delivery thereof or for any cause whatsoever, except as expressly provided in the Indenture.

THE BONDS

Form of Series 2026 Bonds. The Series 2026 Bonds will be in substantially the form set forth in the Indenture, with appropriate or necessary insertions, omissions and variations as permitted or required by the Indenture.

Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds are surrendered for transfer, the Authority will execute and the Trustee will authenticate and deliver a new Bond or Bonds of the same Series in a like aggregate principal amount, in any Authorized Denomination. The Trustee will require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series of other authorized denominations. The Trustee will require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee will not be obligated to make any transfer or exchange of Bonds of a Series pursuant to the Indenture during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which will be open to inspection during regular business hours and upon reasonable notice by the City; and, upon presentation for such purpose, the Trustee will, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as provided in the Indenture.

Execution of Bonds. The Bonds will be executed in the name and on behalf of the Authority with the manual or facsimile signature of an Authorized Authority Representative attested by the manual or facsimile signature of the Secretary or any duly authorized deputy secretary of the Authority. The Bonds will then be delivered to the Trustee for authentication by it. In case any of such officers of the Authority who will have signed or attested any of the Bonds will cease to be such officers of the Authority before the Bonds so signed or attested will have been authenticated or delivered by the Trustee, or issued by the Authority, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, will be as binding upon the Authority as though those who signed and attested the same had continued to be such officers of the Authority, and also any Bonds may be signed and attested on behalf of the Authority by such Persons as at the actual date of execution of such Bonds will be the proper officers of the Authority although at the nominal date of such Bonds any such Person will not have been such officer of the Authority.

Authentication of Bonds. Only such of the Bonds as will bear thereon a certificate of authentication substantially in the form as that set forth in the Indenture, manually executed by the Trustee, will be valid or obligatory for any purpose or entitled to the benefits of the Indenture, and such certificate of or on behalf of the

Trustee will be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered under the Indenture and are entitled to the benefits of the Indenture.

Temporary Bonds. The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, will be of such authorized denominations as may be determined by the Authority, will be in fully registered form without coupons and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond will be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds of a Series it will execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series, may be surrendered, for cancellation, at the Office of the Trustee and the Trustee will authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of such Series in Authorized Denominations. Until so exchanged, the temporary Bonds of such Series are entitled to the same benefits under the Indenture as definitive Bonds of such Series authenticated and delivered under the Indenture.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond becomes mutilated, the Authority, at the expense of the Owner of said Bond, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor and Series in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee will be canceled by it and delivered to, or in accordance with the order of, the Authority. If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee is given, the Authority, at the expense of the Owner, will execute, and the Trustee will thereupon authenticate and deliver, a new Bond of like tenor and Series in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond has matured or has been selected for redemption, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under the Indenture and of the expenses which may be incurred by the Authority and the Trustee. Any Bond of a Series issued under the provisions of the Indenture in lieu of any Bond of such Series alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and will be entitled to the benefits of the Indenture with all other Bonds of such Series secured by the Indenture.

Book-Entry Bonds.

(a) Prior to the issuance of a Series of Bonds, the Authority may provide that such Series of Bonds will initially be issued as Book-Entry Bonds and, in such event, the Bonds of such Series for each maturity will be in the form of a separate single fully registered Bond (which may be typewritten). The Series 2026 Bonds will initially be issued as Book-Entry Bonds.

Except as provided in the Indenture, the registered Owner of all of the Book-Entry Bonds will be Cede & Co., as nominee of DTC. Notwithstanding anything to the contrary contained in the Indenture, payment of interest with respect to any Book-Entry Bond registered as of each Record Date in the name of Cede & Co. will be made by wire transfer of same-day funds to the account of Cede & Co. on the Interest Payment Date at the address indicated on the Record Date for Cede & Co. in the Registration Books or as otherwise provided in the Representation Letter.

(b) The Trustee and the Authority may treat DTC (or its nominee) as the sole and exclusive Owner of Book-Entry Bonds registered in its name for the purposes of payment of the principal, premium, if any, or interest with respect to Book-Entry Bonds, selecting Book-Entry Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners of Book-Entry Bonds under the Indenture, registering the transfer of Book-Entry Bonds, obtaining any consent or other action to be taken by Owners of Book-Entry Bonds and for all other purposes whatsoever, and neither the Trustee nor the Authority will be affected by any notice to the contrary. Neither the Trustee nor the Authority have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in Book-Entry Bonds under or through DTC or any Participant, or any other person which is not shown on the Registration Books as being an Owner, with respect to the accuracy of any records maintained by DTC or any Participant, the payment by DTC or any Participant of any amount in respect of the principal, premium, if any, or interest with respect to Book-Entry Bonds, any notice which is permitted or required to be given to Owners of Book-Entry Bonds under the Indenture, the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of Book-Entry Bonds, or any consent given or other action taken by DTC as Owner of Book-Entry Bonds. The Trustee will pay all principal, premium, if any and interest with respect to Book-Entry Bonds, only to DTC, and all such payments will be valid and effective to fully satisfy and discharge the Authority's obligations with respect to the principal, premium, if any, and interest with respect to the Book-Entry Bonds to the extent of the sum or sums so paid. Except under the conditions of subsection (c) below, no person other than DTC will receive an executed Book-Entry Bond for each separate stated maturity. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in the Indenture with respect to record dates, the term "Cede & Co." in the Indenture will refer to such new nominee of DTC.

(c) In the event (i) DTC, including any successor as securities depository for a Series of Bonds, determines not to continue to act as securities depository for such Series of Bonds; or (ii) the Authority determines that the incumbent securities depository will no longer so act, and delivers a written certificate to the Trustee to that effect, then the Authority will discontinue the book-entry system with the incumbent securities depository for such Series of Bonds. If the Authority determines to replace the incumbent securities depository for such Series of Bonds with another qualified securities depository, the Authority will prepare or direct the preparation of a new single, separate fully registered Bond of such Series for the aggregate outstanding principal amount of Bonds of such Series of each maturity, registered in the name of such successor or substitute qualified securities depository, or its nominee, or make such other arrangement acceptable to the Authority, the Trustee and the successor securities depository for the Bonds of such Series as are not inconsistent with the terms of the Indenture. If the Authority fails to identify another qualified successor securities depository for such Series of Bonds to replace the incumbent securities depository, then the Bonds of such Series will no longer be restricted to being registered in the Registration Books in the name of the incumbent securities depository or its nominee, but will be registered in whatever name or names the incumbent securities depository for such Series of Bonds, or its nominee, designate. In such event the Authority will execute, and deliver to the Trustee, a sufficient quantity of Bonds of such Series to carry out the transfers and exchanges provided in the Indenture. All such Bonds of such Series will be in fully registered form in Authorized Denominations.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Book-Entry Bond is registered in the name of DTC, or its nominee, all payments with respect to the principal, premium, if any, and interest with respect to such Book-Entry Bond and all notices with respect to such Book-Entry Bond will be made and given, respectively, as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Owners of Book-Entry Bonds pursuant to the Indenture by the Authority, the City or the Trustee with respect to any consent or other action to be taken by Owners, the Authority, the City or the Trustee, as the case may be, will establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

Issuance of Series 2026 Bonds. The Authority may, at any time, execute the Series 2026 Bonds for issuance pursuant to the Indenture and deliver the same to the Trustee. The Trustee will authenticate the Series 2026 Bonds and deliver the Series 2026 Bonds to the original purchaser thereof upon receipt of a Written Request of the Authority and upon receipt of the purchase price therefor.

Conditions for the Issuance of Additional Bonds. The Authority may at any time issue one or more Series of Additional Bonds (in addition to the Series 2026 Bonds) payable from Base Rental Payments as provided in the Indenture on a parity with all other Bonds theretofore issued thereunder, but only subject to the following conditions, which are conditions precedent to the issuance of such Additional Bonds:

(a) The issuance of such Additional Bonds has been authorized under and pursuant to the Indenture and has been provided for by a Supplemental Indenture which specifies the following:

(i) The application of the proceeds of the sale of such Additional Bonds;

(ii) The principal amount and designation of such Series of Additional Bonds and the denomination or denominations of the Additional Bonds;

(iii) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, however, that (i) the serial Bonds of such Series of Additional Bonds are payable as to principal annually on May 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds have annual mandatory sinking fund redemptions on May 1, (ii) the Additional Bonds are payable as to interest semiannually on May 1 and November 1 of each year, except that the first installment of interest may be payable on either May 1 and November 1 and will be for a period of not longer than twelve months and the interest will be payable thereafter semiannually on May 1 and November 1, (iii) all Additional Bonds of a Series of like maturity will be identical in all respects, except as to number or denomination, and (iv) serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, will be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(iv) The redemption premiums and terms, if any, for such Additional Bonds;

(v) The form of such Additional Bonds; and

(vi) Designate accounts in the Interest Fund, the Principal Fund, the Redemption Fund, the Rebate Fund and the reserve fund (if any) to be applicable to such Additional Bonds; and

(vii) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Indenture; including the establishment of a capitalized interest fund for the Additional Bonds, if appropriate;

(viii) If an account of the Reserve Fund is to be funded for such Additional Bonds, the amounts of the Reserve Fund Requirement for such Additional Bonds and provisions for proceeds of the Additional Bonds or other sources to be deposited in such account of the Reserve Fund so that following such deposit there shall be on deposit in such account of the Reserve Fund an amount at least equal to the Reserve Fund Requirement for such Additional Bonds.

(b) The Authority is in compliance with all agreements, conditions, covenants and terms contained in the Indenture, the Lease Agreement and in the Ground Lease required to be observed or performed by it;

(c) The City is in compliance with all agreements, conditions, covenants and terms contained in the Indenture, the Lease Agreement and in the Ground Lease required to be observed or performed by it; and

(d) The Ground Lease has been amended, to the extent necessary, and the Lease Agreement has been amended so as to increase the Base Rental Payments payable by the City thereunder by an aggregate amount equal to the principal of and interest on such Additional Bonds, payable at such times and in such manner as may be necessary to provide for the timely payment of the principal of and interest on such Additional Bonds; provided, however, that no such amendment will be made such that the sum of Base Rental Payments, including any increase in the Base Rental Payments as a result of such amendment, plus Additional Rental Payments, in any Rental Period is in excess of the annual fair rental value of the Property after taking into account the use of the proceeds of any Additional Bonds issued in connection therewith (evidence of the satisfaction of such condition is be made by a Written Certificate of the City).

Notwithstanding satisfaction of the other conditions to the issuance of Additional Bonds set forth under the caption “ISSUANCE OF BONDS; APPLICATION OF PROCEEDS—Conditions for the Issuance of Additional Bonds”, no such issuance may occur if (1) an event of default (within the meaning of the caption "DEFAULT AND REMEDIES” of the Lease Agreement) (or any event which, once all notice or grace periods have passed, would constitute such event of default) exists unless such event of default shall be cured upon such issuance or (2) the Reserve Fund is not fully funded at the Reserve Fund Requirement (including the Reserve Fund Requirement for the proposed issue of Additional Bonds, if any) upon the issuance of such Additional Bonds, in either case unless otherwise permitted by the Insurer.

Nothing contained in the Indenture will limit the issuance of any bonds or other obligations payable from Base Rental Payments if, after the issuance and delivery of such bonds or other obligations, none of the Bonds theretofore issued hereunder will be Outstanding.

Procedure for the Issuance of Additional Bonds. At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds will be executed by the Authority for issuance under the Indenture and will be delivered to the Trustee and thereupon will be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

(a) Certified copies of the Supplemental Indenture authorizing the issuance of such Additional Bonds, the amendment to the Lease Agreement required by the Indenture and the amendment to the Ground Lease, if any, required by the Indenture, together with satisfactory evidence that such amendment to the Lease Agreement and such amendment to the Ground Lease, if any, or a memorandum thereof, have been (or will be immediately upon issuance of such Additional Bonds) duly recorded in the Official Records of the Orange County, California Recorder’s office;

(b) A Written Request of the Authority as to the delivery of such Additional Bonds;

(c) An opinion of Bond Counsel substantially to the effect that: (i) the Indenture (including all Supplemental Indentures), the Lease Agreement (including the amendment thereto required by the Indenture) and the Ground Lease (including any amendment thereto required by the Indenture) have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Authority and the City, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California); (ii) such Additional Bonds constitute valid and binding special obligations of the Authority payable solely from Base Rental Payments as provided in the Indenture and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California); and (iii) the issuance of such Additional Bonds, in and of itself, will not adversely affect the exclusion of interest on any tax-exempt Bonds Outstanding prior to the issuance of such Additional Bonds from gross income for federal income tax purposes;

(d) a Written Certificate of the Authority that the requirements of the Indenture have been met;

(e) a Written Certificate of the City that the requirements set forth under the captions “—Conditions for the Issuance of Additional Bonds,” “COVENANTS—Compliance with Agreements,” and “—Compliance with Ground Lease and Lease Agreement” and the Lease Agreement have been met, and a Written Certificate of the City directing the application of the proceeds of such Additional Bonds; and

(f) Such further documents as are required by the provisions of the Indenture or by the provisions of the Supplemental Indenture authorizing the issuance of such Additional Bonds.

Additional Bonds. So long as any of the Bonds remain Outstanding, the Authority may not issue any Additional Bonds or obligations payable from the Base Rental Payments, except pursuant to the provisions of the Indenture described under the captions "—Conditions for the Issuance of Additional Bonds" and "—Procedure for the Issuance of Additional Bonds."

SECURITY FOR BONDS; FLOW OF FUNDS; INVESTMENTS

Pledge; Special Obligations. Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, all of the Base Rental Payments and any other amounts (including proceeds of the sale of the Bonds) held in the Base Rental Payment Fund, the Interest Fund, the Principal Fund, the Reserve Fund and the Redemption Fund have been pledged to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act. Said pledge constitutes a first lien on such assets.

All obligations of the Authority under the Indenture are special obligations of the Authority, payable solely from Rental Payments and the other assets pledged therefor under the Indenture; provided, however, that all obligations of the Authority under the Bonds are special obligations of the Authority, payable solely from Base Rental Payments and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Authority, the City or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

Flow of Funds.

(a) The Trustee will establish and maintain separate funds designated the "Base Rental Payment Fund," the "Interest Fund," the "Principal Fund," the "Reserve Fund" and the "Redemption Fund." If Additional Bonds are issued, the Trustee will establish subaccounts within each fund for each Series of Additional Bonds.

All Base Rental Payments will be paid directly by the City to the Trustee, and if received by the Authority at any time will be transferred by the Authority to the Trustee within one Business Day after the receipt thereof. All Base Rental Payments received by the Trustee will be deposited by the Trustee in the Base Rental Payment Fund.

(b) The Trustee will transfer the amounts on deposit in the Base Rental Payment Fund, at the times and in the manner provided in the Indenture, to the following respective funds in the following order of priority:

(1) Interest Fund. On the Business Day immediately preceding each Interest Payment Date, the Trustee will transfer from the Base Rental Payment Fund to the Interest Fund the amount, if any, necessary to cause the amount on deposit in the Interest Fund to be equal to the interest due on the Bonds on such Interest Payment Date. Moneys in the Interest Fund will be used by the Trustee to pay interest due on the Bonds on each Interest Payment Date.

(2) Principal Fund. On the Business Day immediately preceding each May 1, commencing May 1, 2027, the Trustee will transfer from the Base Rental Payment Fund to the Principal Fund the amount, if any, necessary to cause the amount on deposit in the Principal Fund to be equal to the principal amount of the Bonds due on such May 1 either as a result of the maturity thereof or mandatory sinking fund redemption payments required to be made with respect thereto. Moneys in the Principal Fund will be used by the Trustee for the purpose of paying the principal of the Bonds when due and payable at their maturity dates or upon earlier mandatory sinking fund redemption.

(3) Redemption Fund. The Trustee, on the redemption date specified in the Written Request of the City filed with the Trustee at the time that any prepaid Base Rental Payment is paid to the Trustee pursuant to the Lease Agreement, will deposit in the Redemption Fund that amount of moneys representing the portion of the Base Rental Payments designated as prepaid Base Rental Payments.

Additionally, the Trustee will deposit in the Redemption Fund any amounts required to be deposited therein pursuant to the Indenture. Moneys in the Redemption Fund will be used by the Trustee for the purpose of paying the principal of and interest and premium, if any, on Series 2026 Bonds redeemed pursuant to the provisions of the Indenture and Additional Bonds redeemed pursuant to the corresponding provisions of the Supplemental Indenture pursuant to which such Additional Bonds are issued.

(4) Reserve Fund. All amounts on deposit in the Base Rental Payment Fund on May 2, to the extent not required to pay the principal of any Outstanding Bonds then having come due and payable, shall be transferred to the Reserve Fund, to the extent necessary to satisfy the Reserve Fund Requirement.

Application of Net Insurance Proceeds. If the Property or any portion thereof is damaged or destroyed, subject to the further requirements of the Indenture, the City will, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the repair or replacement thereof, unless the City elects not to repair or replace the Property or the affected portion thereof in accordance with the provisions of the Indenture.

The Net Insurance Proceeds (other than Net Insurance Proceeds of rental interruption insurance), including the proceeds of any self-insurance, received on account of any damage or destruction of the Property or a portion thereof will as soon as possible be deposited with the Trustee and be held by the Trustee in a special account and made available for and, to the extent necessary, will be applied to the cost of repair or replacement of the Property or the affected portion thereof upon receipt of a Written Request of the City, together with invoices therefor. Pending such application, such proceeds may be invested by the Trustee as directed by the City in Permitted Investments that mature not later than such times moneys are expected to be needed to pay such costs of repair or replacement.

Notwithstanding the foregoing, the City will, within 60 days of the occurrence of the event of damage or destruction, notify the Trustee in writing as to whether the City intends to replace or repair the Property or the portions of the Property which were damaged or destroyed. If the City does intend to replace or repair the Property or portions thereof, the City will deposit with the Trustee the full amount of any insurance deductible to be credited to the special account.

In the event of any damage to or destruction of the Property caused by one of the perils covered by the insurance required by the Lease Agreement which would result in an abatement of rental payments or any portion thereof pursuant to the Lease Agreement, then the City will apply the Net Insurance Proceeds (other than Net Insurance Proceeds of rental interruption insurance), together with other legally available funds that the City elects to contribute, to the repair, reconstruction or replacement of the damaged or destroyed portions of the Property; provided, however, that the City is not required to repair or replace any portion of the Property pursuant to the Indenture if such Net Insurance Proceeds, together with any other amounts held under the Indenture and any other legally available funds made available by the City at its election, are sufficient to prepay (i) all of the Outstanding Bonds, or (ii) a portion of the Outstanding Bonds such that the resulting Base Rental Payments in any Rental Period following such partial prepayment are sufficient to pay in such Rental Period the principal of and interest on all Bonds to remain Outstanding immediately after such partial redemption. If the City is not required to replace or repair the Property, or the affected portion thereof, or to use such amounts to redeem Bonds, in each case as set forth in the Indenture, then such proceeds (and rental interruption insurance proceeds not applied pursuant to the next paragraph) will, if there is first delivered to the Trustee a Written Certificate of the City to the effect that the annual fair rental value of the Property after such damage or destruction, and after any repairs or replacements made as a result of such damage or destruction, is at least equal to 100% of the maximum amount of Base Rental Payments becoming due under the Lease Agreement in the then current Rental Period or any subsequent Rental Period and the fair replacement value of the Property after such damage or destruction is at least equal to the principal amount of the Outstanding Bonds, be paid to the City to be used for any lawful purpose.

Proceeds of rental interruption insurance will be deposited to the Base Rental Payment Fund and applied to the payment of Base Rental Payments to the extent of any abatement thereof pursuant to the Lease Agreement, and otherwise as directed by the City.

The proceeds of any award in eminent domain received in respect to the Property will be deposited by the Trustee in the Redemption Fund and applied to the redemption of Bonds pursuant to the Indenture and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

Title Insurance. Proceeds of any policy of title insurance received by the Trustee in respect of the Property will be applied and disbursed by the Trustee as follows:

(a) if the City determines that the title defect giving rise to such proceeds has not substantially interfered with its use and occupancy of the Property and will not result in an abatement of Rental Payments payable by the City under the Lease Agreement, such proceeds will be remitted to the City and used for any lawful purpose thereof; or

(b) if the City determines that the title defect giving rise to such proceeds has substantially interfered with its use and occupancy of the Property and will result in an abatement of Rental Payments payable by the City under the Lease Agreement, then the Trustee will immediately deposit such proceeds in the Redemption Fund and such proceeds will be applied to the redemption of Bonds in the manner provided in the Indenture and the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued.

Reserve Fund.

(a) The Authority has established a separate fund titled the "Reserve Fund" and within the Reserve Fund, the "Series 2026 Bonds Account," which is held and maintained by the Trustee. The Trustee will deposit into the Reserve Fund or accounts therein, any amounts transferred from the Base Rental Payment Fund pursuant to the Indenture. The Trustee shall establish additional accounts in the Reserve Fund in connection with the issuance of Additional Bonds, if any, to the extent required by the Supplemental Indenture providing for the issuance of such Additional Bonds. All moneys in the Reserve Fund and accounts therein will be used and withdrawn by the Trustee solely for the purpose of funding the Interest Fund or the Principal Fund, in that order, in the event of any deficiency in either of such accounts on an Interest Payment Date. The Trustee shall initially deposit the Series 2026 Reserve Policy into the Series 2026 Bonds Account in satisfaction of the Reserve Fund Requirement for the Series 2026 Bonds. The prior written consent of the Insurer shall be a condition precedent to the deposit of any Credit Facility (defined below) provided in lieu of a cash deposit into the Series 2026 Bonds Account of the Reserve Fund. Notwithstanding anything to the contrary set forth in the Indenture, amounts on deposit in the Series 2026 Bonds Account of the Reserve Fund will be applied solely to the payment of debt service due on the Series 2026 Bonds.

(b) The Trustee will ascertain the necessity for a claim upon the Series 2026 Reserve Policy in accordance with the provisions in the Indenture and will provide notice to the Insurer in accordance with the terms of the Series 2026 Reserve Policy at least five Business Days prior to each date upon which interest or principal is due on the Series 2026 Bonds.

(c) So long as any Series 2026 Bonds remain outstanding and the Insurer has not defaulted under the Series 2026 Reserve Policy (or any amounts are owed to the Insurer), the following provisions govern the Series 2026 Bonds Account of the Reserve Fund, notwithstanding anything to the contrary set forth in the Indenture or individually in the appropriate sections:

(i) Upon any payment by the Insurer under the Series 2026 Reserve Policy, the Insurer will furnish to the Authority and the City written instructions as to the manner in which payment of amounts owed to the Insurer as a result of such payment under the Series 2026 Reserve Policy shall be made. Amounts drawn under the Series 2026 Reserve Policy shall be used solely to pay scheduled payments of principal and interest due on the Series 2026 Bonds.

(ii) The Authority shall repay, or shall cause the City to repay, any draws under the Series 2026 Reserve Policy and pay all related reasonable expenses incurred by the Insurer and will pay interest thereon from the date of payment by the Insurer (subject to abatement as set forth in the Lease Agreement) at the Late Payment Rate. If the interest provisions of this subparagraph (ii) will result in an effective rate of interest which, for any period, exceeds the limit of the usury or any other laws applicable to the indebtedness created herein, then all sums in excess of those lawfully collectible as interest for the period in question shall, without further agreement or notice between or by any party hereto, be applied as additional interest for any later periods of time when amounts are outstanding hereunder to the extent that interest otherwise due hereunder for such periods plus such additional interest would not exceed the limit of the usury or such other laws, and any excess shall be applied upon principal immediately upon receipt of such moneys by the Insurer, with the same force and effect as if the Authority had specifically designated such extra sums to be so applied and the Insurer had agreed to accept such extra payment(s) as additional interest for such later periods. In no event will any agreed-to or actual exaction as consideration for the indebtedness created herein exceed the limits imposed or provided by the law applicable to this transaction for the use or detention of money or for forbearance in seeking its collection.

Repayment of draws and payment of expenses and accrued interest thereon at the Late Payment Rate (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment will be in an amount at least equal to 1/12th of the aggregate of Policy Costs related to such draw.

Amounts in respect of Policy Costs paid to the Insurer will be credited first to interest due, then to the expenses due and then to principal due. As and to the extent that payments are made to the Insurer on account of principal due, the coverage under the Series 2026 Reserve Policy will be increased by a like amount, subject to the terms of the Series 2026 Reserve Policy. The obligation to pay Policy Costs will be secured by a valid lien on all revenues and other collateral pledged as security for the Series 2026 Bonds (subject only to the priority of payment provisions set forth under the Indenture).

All cash and investments in the Series 2026 Account of the Reserve Fund shall be transferred to the Base Rental Payment Fund for payment of debt service on Series 2026 Bonds before any drawing may be made on the Series 2026 Reserve Policy or any other credit facility credited to the Series 2026 Account of the Reserve Fund in lieu of cash (each, a "Credit Facility"). Payment of any Policy Costs shall be made prior to replenishment of any such cash amounts. Draws on all Credit Facilities (including the Series 2026 Reserve Policy) on which there is available coverage will be made on a pro-rata basis (calculated by reference to the coverage then available thereunder) after applying all available cash and investments in the Series 2026 Account of the Reserve Fund. Payment of Policy Costs and reimbursement of amounts with respect to other Credit Facilities will be made on a pro-rata basis prior to replenishment of any cash drawn from the Series 2026 Account of the Reserve Fund. For the avoidance of doubt, "available coverage" means the coverage then available for disbursement pursuant to the terms of the applicable Credit Facility without regard to the legal or financial ability or willingness of the provider of such Credit Facility to honor a claim or draw thereon or the failure of such provider to honor any such claim or draw.

(iii) If the Authority or the City shall fail to pay any Policy Costs in accordance with the requirements of subparagraph (b) hereof, the Insurer will be entitled to exercise any and all legal and equitable remedies available to it, including those provided under the Indenture other than: (i) acceleration of the maturity of the Series 2026 Bonds; or (ii) remedies which would adversely affect Owners of the Bonds.

(iv) The Indenture will not be discharged until all Policy Costs owing to the Insurer will have been paid in full. The Authority's obligation to pay such amounts will expressly survive payment in full of the Series 2026 Bonds.

(vi) In order to secure the Authority's and the City's payment obligations with respect to the Policy Costs, there is hereby granted and perfected in favor of the Insurer a security interest (subject only to the priority of payment provisions set forth in the Indenture) in all Base Rental Payments and other amounts and collateral pledged as security for the Series 2026 Bonds.

(vii) The Authority shall pay or reimburse, or cause the City to pay or reimburse, the Insurer any and all charges, fees, costs, losses, liabilities and expenses which the Insurer may pay or incur, including, but not limited to, fees and expenses of attorneys, accountants, consultants and auditors and reasonable costs of investigations, in connection with: (i) any accounts established to facilitate payments under the Series 2026 Reserve Policy; (ii) the administration, enforcement, defense or preservation of any rights in respect of the Indenture, the Ground Lease and the Lease Agreement (the "Related Documents"), including defending, monitoring or participating in any litigation or proceeding (including any bankruptcy proceeding in respect of the Authority) relating to the Indenture or any other Related Document, any party to the Indenture or any other Related Document or the transactions contemplated by the Related Documents; (iii) the foreclosure against, sale or other disposition of any collateral securing any obligations under the Indenture or any other Related Document, if any, or the pursuit of any remedies under the Indenture or any other Related Document, to the extent such costs and expenses are not recovered from such foreclosure, sale or other disposition; (iv) any amendment, waiver or other action with respect to, or related to the Indenture, the Series 2026 Reserve Policy or any other Related Document whether or not executed or completed; or (v) any action taken by the Insurer to cure a default or termination or similar event (or to mitigate the effect thereof) under the Indenture or any other Related Document; costs and expenses shall include a reasonable allocation of compensation and overhead attributable to time of employees of the Insurer spent in connection with the actions described in clauses (ii) through (v) above. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document. Amounts payable by the Authority and the City hereunder shall bear interest at the Late Payment Rate from the date such amount is paid or incurred by the Insurer until the date that the Insurer is paid in full.

(viii) The obligation of the Authority and the City to pay all amounts due under the Series 2026 Reserve Policy shall be an absolute and unconditional obligation of each and will be paid or performed strictly in accordance with this Indenture, irrespective of: (i) any lack of validity or enforceability of or any amendment or other modifications of, or waiver with respect to the Series 2026 Bonds, the Indenture or any other Related Document; (ii) any amendment or other modification of, or waiver with respect to the Series 2026 Reserve Policy; (iii) any exchange, release or non-perfection of any security interest in property securing the Series 2026 Bonds, the Indenture or any other Related Documents; (iv) whether or not such Series 2026 Bonds are contingent or matured, disputed or undisputed, liquidated or unliquidated; (v) any amendment, modification or waiver of or any consent to departure from the Series 2026 Reserve Policy, the Indenture or all or any of the other Related Documents; (vi) the existence of any claim, setoff, defense (other than the defense of payment in full), reduction, abatement or other right which the Authority or the City may have at any time against the Trustee or any other person or entity other than the Insurer, whether in connection with the Indenture, the transactions contemplated herein, or in any other Related Documents or any unrelated transactions; (vii) any statement or any other document presented under or in connection with the Series 2026 Reserve Policy proving in any and all respects invalid, inaccurate, insufficient, fraudulent or forged or any statement therein being untrue or inaccurate in any respect; or (viii) any payment by the Insurer under the Series 2026 Reserve Policy against presentation of a certificate or other document which does not strictly comply with the terms of the Series 2026 Reserve Policy.

Rebate Fund.

(a) Establishment. The Trustee will establish a fund for the Bonds designated the "Rebate Fund" when required in accordance with the Indenture. Absent an Opinion of Counsel that the exclusion from gross income for federal income tax purposes of interest on the Series 2026 Bonds will not be adversely affected, the Authority will cause to be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Indenture and the Tax Certificate. All money at any time deposited in the Rebate Fund will be held by the Trustee in trust for payment to the United States Treasury. All amounts on deposit in the Rebate Fund for the Series 2026 Bonds will be governed by the Indenture and the Tax Certificate, unless and to the extent that the Authority delivers to the Trustee an opinion of Bond Counsel that the exclusion from gross income for federal income tax purposes of interest on the Bonds will not be adversely affected if such requirements are not satisfied. Notwithstanding anything to the contrary contained in the Indenture or in the Tax Certificate, the Trustee: (1) will be deemed conclusively to have complied with the Indenture if it follows all Written Requests of the Authority or Written Requests of the City; (2) will have no liability or responsibility to enforce compliance by the Authority or the City with the terms of the Tax Certificate and will not be deemed to have knowledge of the terms thereof; (3) may rely conclusively on the Authority's or the City's calculations and determinations and certifications relating to rebate matters; and (4) will have no responsibility to independently make any calculations or determinations or to review the Authority's or the City's calculations or determinations thereunder.

(i) Annual Computation. Within 55 days of the end of each fifth Bond Year (as such term is defined in the Tax Certificate), the Authority will calculate or cause to be calculated the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any applicable exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of

Section 148(f)(4)(B) and the construction expenditures exception of Section 148(f)(4)(C) of the Code), and taking into account whether the election pursuant to Section 148(f)(4)(C)(vii) of the Code (the "1½% Penalty") has been made), for this purpose treating the last day of the applicable Bond Year as a computation date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the "Rebatable Arbitrage"). The Authority will obtain expert advice as to the amount of the Rebatable Arbitrage to comply with the Indenture.

(ii) Annual Transfer. Within 55 days of the end of each fifth Bond Year, upon the Written Request of the Authority or Written Request of the City, an amount will be deposited to the Rebate Fund by the Trustee from any Rental Payments legally available for such purpose (as specified by the Authority or the City in the aforesaid Written Request), if and to the extent required, so that the balance in the Rebate Fund will equal the amount of Rebatable Arbitrage so calculated in accordance with clause (i) above. In the event that immediately following the transfer required by the previous sentence, the amount then on deposit to the credit of the Rebate Fund exceeds the amount required to be on deposit therein, upon Written Request of the Authority or Written Request of the City, the Trustee will withdraw the excess from the Rebate Fund and then credit the excess to the Base Rental Payment Fund.

(iii) Payment to the Treasury. The Trustee will pay, as directed by Written Request of the Authority, to the United States Treasury, out of amounts in the Rebate Fund:

(A) Not later than 60 days after the end of: (X) the fifth Bond Year; and (Y) each applicable fifth Bond Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Bond Year; and

(B) Not later than 60 days after the payment of all of the Bonds, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Bond Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code and Section 1.148-3 of the Treasury Regulations.

In the event that, prior to the time of any payment required to be made from the Rebate Fund, the amount in the Rebate Fund is not sufficient to make such payment when such payment is due, the Authority will calculate or cause to be calculated the amount of such deficiency and deposit an amount received from any legally available source equal to such deficiency prior to the time such payment is due. Each payment required to be made pursuant to the Indenture will be made to the Internal Revenue Service Center, Ogden, Utah 84201 on or before the date on which such payment is due, and will be accompanied by Internal Revenue Service Form 8038-T (prepared by the Authority), or will be made in such other manner as provided under the Code.

(b) Disposition of Unexpended Funds. Any funds remaining in the Rebate Fund after redemption and payment of the Series 2026 Bonds and the payments described in the Indenture (a) above being made may be withdrawn by the Authority and utilized in any manner by the Authority.

(c) Survival of Defeasance. Notwithstanding anything in the Indenture to the contrary, the obligation to comply with the rebate requirements of the Indenture will survive the defeasance or payment in full of the Series 2026 Bonds.

Investment of Moneys. Except as otherwise provided in the Indenture, all moneys in any of the funds or accounts established pursuant to the Indenture and held by the Trustee will be invested by the Trustee solely in Permitted Investments, as directed in writing by the Authority. Moneys in all funds and accounts held by the Trustee will be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in the Indenture. Absent timely written direction from the Authority, the Trustee will hold any funds held by it uninvested.

Subject to the provisions of the Indenture, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Indenture will be retained in such fund or account.

Permitted Investments acquired as an investment of moneys in any fund established under the Indenture will be credited to such fund. For the purpose of determining the amount in any fund, all Permitted Investments credited to such fund will be valued by the Trustee at the fair market value thereof, such valuation to be performed not less frequently than semiannually on or before each May 15 and November 15. In determining fair market value, the Trustee may use and rely conclusively on any generally recognized securities pricing service available to it (including brokers and dealers in securities).

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Authority, the Trustee will sell or present for redemption any Permitted Investments so purchased whenever necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited, and the Trustee will not be liable or responsible for any loss resulting from any investment made or sold pursuant to the Indenture. For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established under the Indenture.

The Trustee may make any investments under the Indenture through the bond or investment department or trust investment department of the entity acting as Trustee thereunder, or those of such entity's parent or any affiliate, and such entity, or its parent or affiliate, as applicable, is entitled to its normal, customary and reasonable compensation for such services.

The entity acting as Trustee under the Indenture, or any of its affiliates, may act as sponsor, advisor or manager in connection with any investments made by the Trustee thereunder and such entity, or its affiliate, as applicable, is entitled to its normal, customary and reasonable compensation for such services.

The Authority and the City have acknowledged that, to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority and the City the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the Authority and the City have specifically waived receipt of such confirmations to the extent permitted by law.

COVENANTS

Compliance with Agreements. The Trustee will not authenticate or deliver any Bonds in any manner other than in accordance with the provisions of the Indenture, and the Authority and the City will not suffer or permit any default by them to occur thereunder, but will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms thereof required to be complied with, kept, observed and performed by them.

Compliance with Ground Lease and Lease Agreement. The Authority and the City will faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Ground Lease and the Lease Agreement required to be complied with, kept, observed and performed by them and, together with the Trustee, will enforce the Ground Lease and the Lease Agreement against the other party thereto in accordance with their respective terms.

Observance of Laws and Regulations. The Authority, the City and the Trustee will faithfully comply with, keep, observe and perform all valid and lawful obligations or regulations now or later imposed on them by contract, or prescribed by any law of the United States of America or of the State of California, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of each and every franchise, right or privilege now owned or later acquired by them, including their right to exist and carry on their respective businesses, to the end that such franchises, rights and privileges will be maintained and preserved and will not become abandoned, forfeited or in any manner impaired.

Other Liens. The City will keep the Property and all parts thereof free from judgments and materialmen's and mechanics' liens and free from all claims, demands, encumbrances and other liens of whatever nature or character, and free from any claim or liability which materially impairs the City in conducting its business or utilizing the Property, and the Trustee at its option (after first giving the City ten days' written notice to comply therewith and failure of the City to so comply within such ten-day period) may, but is in no event obligated to, defend against any and all actions or proceedings, or may pay or compromise any claim or demand asserted in any such actions or proceedings; provided, however, that, in defending against any such actions or proceedings or in paying or compromising any such claims or demands, the Trustee will not in any event be deemed to have waived or released the City from liability for or on account of any of its agreements and covenants contained in the Indenture, or from its liability thereunder and to perform such agreements and covenants.

So long as any Bonds are Outstanding, none of the Trustee, the Authority or the City will create or suffer to be created any pledge of or lien the amounts on deposit in any of the funds or accounts created under the Indenture, other than the pledge and lien thereof.

The Authority, the City and the Trustee will not encumber the Property other than in accordance with the Ground Lease, the Lease Agreement, the Indenture and the Assignment Agreement.

Prosecution and Defense of Suits. The City will promptly, upon request of the Trustee (which request the Trustee is not required to make), take such action from time to time as may be necessary or proper to remedy or cure any cloud upon or defect in the title to the Property or any part thereof, whether now existing or later developing, will prosecute all actions, suits or other proceedings as may be appropriate for such purpose and will indemnify and save the Trustee harmless from all cost, damage, expense or loss, including attorneys' fees and expenses, which it or the Owners may incur by reason of any such cloud, defect, action, suit or other proceeding.

Accounting Records and Statements. The Trustee will keep proper accounting records in which complete and correct entries are made of all transactions relating to the receipt, deposit and disbursement of the Base Rental Payments, and such accounting records will be available for inspection by the Authority and the City at reasonable hours and under reasonable conditions.

Recordation and Filing. The City will record, or cause to be recorded, with the appropriate county recorder, the Lease Agreement, the Ground Lease and the Assignment Agreement, or memoranda thereof.

Tax Covenants. Notwithstanding any other provision of the Indenture, absent an Opinion of Counsel that the exclusion from gross income of the interest on the Series 2026 Bonds will not be adversely affected for federal income tax purposes, the City and the Authority covenant to comply with all applicable requirements of the Code necessary to preserve such exclusion from gross income with respect to the Series 2026 Bonds and specifically covenant, without limiting the generality of the foregoing, as follows:

(a) Private Activity. The City and the Authority will not take any action or refrain from taking any action or make any use of the proceeds of the Series 2026 Bonds or of any other moneys or property which would cause the Series 2026 Bonds to be "private activity bonds" within the meaning of Section 141 of the Code;

(b) Arbitrage. The City and the Authority will make no use of the proceeds of the Series 2026 Bonds or of any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action which would cause the Series 2026 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code;

(c) Federal Guarantee. The City and the Authority will make no use of the proceeds of the Series 2026 Bonds and will not take or omit to take any action that would cause the Series 2026 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code;

(d) Information Reporting. The City and the Authority will take or cause to be taken all necessary action to comply with the informational reporting requirement of Section 149(e) of the Code necessary to preserve the exclusion of interest on the Series 2026 Bonds pursuant to Section 103(a) of the Code;

(e) Hedge Bonds. The City and the Authority will make no use of the proceeds of the Series 2026 Bonds or any other amounts or property, regardless of the source, and will not take any action or refrain from taking any action that would cause the Series 2026 Bonds to be considered "hedge bonds" within the meaning of Section 149(g) of the Code unless the City and the Authority take all necessary action to assure compliance with the requirements of Section 149(g) of the Code to maintain the exclusion from gross income of interest on the Series 2026 Bonds for federal income tax purposes; and

(f) Miscellaneous. The City and the Authority will not take any action or refrain from taking any action inconsistent with its expectations stated in the Tax Certificate and will comply with the covenants and requirements stated therein and incorporated by reference in the Indenture.

The Indenture and the covenants set forth therein will not be applicable to, and nothing contained therein will be deemed to prevent the City and the Authority from causing the Trustee to issue revenue bonds or to execute and deliver contracts payable on a parity with the Series 2026 Bonds, the interest with respect to which has been determined by an Opinion of Counsel to be subject to federal income taxation.

Continuing Disclosure. The City will comply with and carry out all of the provisions of the Continuing Disclosure Certificate. Notwithstanding any other provision of the Indenture, failure of the City to comply with the Continuing Disclosure Certificate does not constitute an event of default under the Indenture; provided, however, that the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% of the aggregate principal amount of Outstanding Bonds, and upon being indemnified to its reasonable satisfaction therefor, will) or any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Further Assurances. Whenever and so often as requested to do so by the Trustee, the Authority and the City will promptly execute and deliver or cause to be executed and delivered all such other and further assurances, documents or instruments and promptly do or cause to be done all such other and further things as may be necessary or reasonably required in order to further and more fully vest in the Trustee all advantages, benefits, interests, powers, privileges and rights conferred or intended to be conferred upon it by the Indenture, the Assignment Agreement, the Ground Lease or the Lease Agreement.

DEFAULT AND LIMITATIONS OF LIABILITY

Action on Default. If an event of default (within the meaning of the Lease Agreement) happens, then such event of default will constitute an event of default under the Indenture. The Trustee will give notice, as assignee of the Authority, will give notice to the City of an event of default under the Lease Agreement. In each and every case during the continuance of an event of default, the Trustee may upon being indemnified to its reasonable satisfaction therefor, upon notice in writing to the City and the Authority, exercise any of the remedies granted to the Authority under the Lease Agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to enforce its rights as assignee pursuant to the Assignment Agreement or to protect and enforce any of the rights vested in the Trustee or the Owners by the Indenture or by the Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth under the caption "—Other Remedies of the Trustee."

Other Remedies of the Trustee. Subject to the provisions of the Indenture, the Trustee has the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or the City or any member, director, officer or employee thereof, and to compel the Authority or the City or any such member, director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained in the Indenture;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Trustee; or

(c) by suit in equity upon the happening of any event of default under the Indenture to require the Authority and the City to account as the trustee of an express trust.

Nothing in the Indenture will be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Non-Waiver. A waiver of any default or breach of duty or contract by the Trustee will not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent default or breach of duty or contract. No default or event of default may be waived without the Insurer's express written consent. No delay or omission by the Trustee to exercise any right or remedy accruing upon any default or breach of duty or contract will impair any such right or remedy or be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Trustee by law or by the Indenture may be enforced and exercised from time to time and as often the Trustee deems expedient.

If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or any Owner, then subject to any adverse determination, the Trustee, such Owner, the Authority and the City will be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive. Subject to the provisions of the Indenture, no remedy conferred upon or reserved to the Trustee therein is intended to be exclusive of any other remedy, and each such remedy will be cumulative and in addition to every other remedy given thereunder or now or later existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy under the Indenture, or otherwise, does not prevent the concurrent assertion or employment of any other appropriate right or remedy.

No Liability by the Authority to the Owners. Except as expressly provided in the Indenture, the Authority has no obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the City of the other agreements and covenants required to be performed by it contained in the Lease Agreement or the Indenture, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained therein.

No Liability by the City to the Owners. Except for the payment when due of the Base Rental Payments and the performance of the other agreements and covenants required to be performed by it contained in the Lease Agreement, the Ground Lease or the Indenture, the City has no obligation or liability to the Owners with respect to the Trust Indenture or the preparation, execution, delivery or transfer of the Bonds or the disbursement of the Base Rental Payments by the Trustee to the Owners, or with respect to the performance by the Trustee of any right or obligation required to be performed by it contained in the Indenture.

No Liability of the Trustee to the Owners. Except as expressly provided in the Indenture, the Trustee has no obligation or liability to the Owners with respect to the payment when due of the Base Rental Payments by the City, or with respect to the performance by the Authority or the City of the other agreements and covenants required to be performed by them contained in the Lease Agreement, the Ground Lease or the Indenture.

Application of Amounts After Default. All payments received by the Trustee with respect to the rental of the Property after a default by the City pursuant to the Lease Agreement (including, without limitation, any proceeds received in connection with the sale, assignment or sublease of the Authority's right, title and interest in the Ground Lease), and all damages or other payments received by the Trustee for the enforcement of any rights and powers of the Trustee under the Lease Agreement, will be deposited into the Base Rental Payment Fund and as soon as practicable thereafter applied, together with all other funds held under the Indenture (except funds in the Rebate Fund):

(a) to the payment of all amounts due the Trustee under the Indenture;

(b) to the payment of all amounts then due for interest on the Bonds, in respect of which, or for the benefit of which, money has been collected (other than Bonds which have become payable prior to such event of default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of interest on such Bonds due and payable; and

(c) to the payment of all amounts then due for principal of the Bonds, in respect of which, or for the benefit of which, money has been collected (other than Bonds which have become payable prior to such event of default and money for the payment of which is held by the Trustee), ratably without preference or priority of any kind, according to the amounts of principal of such Bonds due and payable.

Trustee May Enforce Claims Without Possession of Bonds. All rights of action and claims under the Indenture or the Bonds may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Trustee will be brought in its own name as trustee of an express trust, and any recovery of judgment will, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Owners in respect of which such judgment has been recovered.

Limitation on Suits. No Owner of any Bond has any right to institute any proceeding, judicial or otherwise, with respect to the Indenture, or for the appointment of a receiver or Trustee, or for any other remedy thereunder, unless (a) such Owner has previously given written notice to the Trustee of a continuing event of default, (b) the Owners of not less than 25% of the aggregate principal amount of Bonds then Outstanding have made written request to the Trustee to institute proceedings in respect of such event of default in its own name as Trustee under the Indenture, (c) such Owner or Owners have afforded to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, (d) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceedings, and (e) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by the Owners of a majority of the aggregate principal amount of Bonds then Outstanding; it being understood and intended that no one or more Owners have any right in any manner whatever by virtue of, or by availing of, any provision of the Indenture to affect, disturb or prejudice the rights of any other Owner, or to obtain or seek to obtain priority or preference over any other Owner or to enforce any right under the Indenture, except in the manner provided in the Indenture and for the equal and ratable benefit of all the Owners.

Insurer's Rights. So long as any Insured Series 2026 Bonds remain outstanding and the Insurer will not have defaulted under the Policy, or any amounts are owed to the Insurer:

(a) the Insurer is deemed to be the sole holder of the Insured Series 2026 Bonds for the purpose of exercising any voting right or privilege or giving any consent or direction or taking any other action that the holders of the Insured Series 2026 Bonds are entitled to take pursuant to the Indenture pertaining to: (i) waivers, defaults and remedies; and (ii) the duties and obligations of the Trustee. In furtherance thereof and as a term of the Indenture and each Insured Series 2026 Bond, the Trustee and each Owner of an Insured Series 2026 Bond appoint the 2026 Insurer as their agent and attorney-in-fact and agree that the 2026 Insurer may at any time during the continuation of any proceeding by or against the Authority or City under the United States Bankruptcy Code or any other applicable bankruptcy, insolvency, receivership, rehabilitation or similar law (each, an "Insolvency Proceeding") direct all matters relating to such Insolvency Proceeding, including without limitation: (A) all matters relating to any claim or enforcement proceeding in connection with an Insolvency Proceeding (a "Claim"); (B) the direction of any appeal of any order relating to any Claim; (C) the posting of any surety, supersedeas or performance bond pending any such appeal; and (D) the right to vote to accept or reject any plan of adjustment. In addition, the Trustee and each Owner of an Insured Series 2026 Bond delegate and assign to the Insurer, to the fullest extent permitted by law, the rights of the Trustee and each Owner of an Insured Series 2026 Bond in the conduct of any Insolvency Proceeding, including, without limitation, all rights of any party to an adversary proceeding or action with respect to any court order issued in connection with any such Insolvency Proceeding. The Trustee acknowledges such appointment, delegation and assignment by each Owner of the Insured Series 2026 Bonds for the Insurer's benefit and agrees to cooperate with the Insurer in taking any action reasonably necessary or appropriate in connection with such appointment, delegation and assignment. Remedies granted to the Owner shall expressly include mandamus.

(b) No grace period for a covenant default will exceed 30 days or be extended for more than 60 days, without the prior written consent of the Insurer. No grace period shall be permitted for payment defaults.

(c) The rights granted to the Insurer under the Indenture or any other Related Document to request, consent to or direct any action are rights granted to the Insurer in consideration of its issuance of the Policy. Any exercise by the Insurer of such rights is merely an exercise of the Insurer's contractual rights and will not be construed or deemed to be taken for the benefit, or on behalf, of the Owners of Insured Series 2026 Bonds and such action does not evidence any position of the Insurer, affirmative or negative, as to whether the consent of the Owners of Insured Series 2026 Bonds or any other person is required in addition to the consent of the Insurer.

THE TRUSTEE

Employment of the Trustee. The Authority has appointed and employed the Trustee to receive, deposit and disburse the Base Rental Payments, to authenticate, deliver and transfer the Bonds and to perform the other functions contained in the Indenture, all in the manner provided therein and subject to the conditions and terms thereof. By executing and delivering the Indenture, the Trustee has accepted the appointment and employment referred to in the Indenture and accepts the rights and obligations of the Trustee provided therein, subject to the conditions and terms thereof. Other than when an event of default has occurred and is continuing, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations will be read into the Indenture against the Trustee. In case an event of default has occurred and is continuing, the Trustee will exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs. The Trustee has covenanted and agreed that it will not encumber the Property other than in accordance with the Indenture or the Assignment Agreement.

Duties, Removal and Resignation of the Trustee. The Authority will provide prior written notice to the Insurer of any name change of the Trustee or the resignation or removal of the Trustee initially a party to the Indenture and successor. The Authority may remove the Trustee at any time, unless an Event of Default has occurred and then being continuing, and will remove the Trustee initially a party thereto and any successor thereto if at any time (a) requested to do so by an instrument or concurrent instruments in writing signed by the Owners of a majority of the aggregate principal amount of Bonds at the time Outstanding (or their attorneys duly authorized in writing), or (b) the Trustee will cease to be eligible in accordance with the following sentence, and will appoint a successor Trustee. The Trustee and any successor Trustee will be: (i) a national banking association in good standing authorized to exercise trust powers or having the powers of a trust company and duly authorized to exercise trust powers within the State having a combined capital and surplus of at least $250,000,000, and subject to supervision or examination by federal or state authority, (ii) a state-chartered commercial bank that is a member of the Federal Reserve System having at least $1,000,000,000 of assets, (iii) an entity otherwise approved by the Insurer in writing. No removal, resignation or termination of the Trustee will take effect until a successor, meeting the requirements above or acceptable to the Insurer, will be qualified and appointed. If such entity publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of the Indenture the combined capital and surplus of such entity will be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Trustee may at any time resign by giving written notice of such resignation to the Authority, the City and the Insurer and by giving notice, by first class mail, postage prepaid, of such resignation to the Owners at their addresses appearing on the Registration Books. Upon receiving such notice of resignation, the Authority will promptly appoint a successor Trustee acceptable to the Insurer by an instrument in writing; provided, however, that in the event the Authority does not appoint a successor Trustee within 30 days following receipt of such notice of resignation, the resigning Trustee may, at the expense of the Authority, petition the appropriate court having jurisdiction to appoint a successor Trustee. Any resignation or removal of a Trustee and appointment of a successor Trustee will become effective only upon acceptance of appointment by the successor Trustee.

Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, provided that such entity meets the combined capital and surplus requirements of the Indenture, ipso facto, will be and become successor trustee under the Indenture and vested with all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties to the Indenture, anything therein to the contrary notwithstanding.

Compensation of the Trustee. The City will from time to time, subject to any written agreement then in effect with the Trustee, pay the Trustee reasonable compensation for all its services rendered under the Indenture and reimburse the Trustee for all its reasonable advances and expenditures (which will not include "overhead expenses" except as such expenses are included as a component of the Trustee's stated annual fees) thereunder, including but not limited to advances to and reasonable fees and reasonable expenses of accountants, agents, appraisers, consultants or other experts, and counsel not directly employed by the Trustee but an attorney or firm of attorneys retained by the Trustee, employed by it in the exercise and performance of its rights and obligations thereunder. The Trustee may take whatever legal actions are lawfully available to it directly against the Authority or the City.

The City will, to the extent permitted by law, indemnify and save the Trustee harmless against any liabilities, costs, claims or expenses, including those of its attorneys, which it may incur in the exercise and performance of its powers and duties under the Indenture, under the Lease Agreement, or in connection with any document or transaction contemplated thereunder, including the enforcement of any remedies and the defense of any suit, and which are not due to its negligence or its willful misconduct as finally adjudicated by a court of competent jurisdiction. The duty of the City to indemnify the Trustee will survive the termination and discharge of the Indenture and the earlier removal or resignation of the Trustee.

No provision of the Indenture requires the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties thereunder or in the exercise of any of its rights or powers thereunder.

Upon an Event of Default, and only upon an Event of Default, the Trustee will have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the trust estate for the foregoing fees, charges and expenses incurred by it. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Protection of the Trustee. The Trustee will be protected and incur no liability in acting or proceeding in good faith upon any affidavit, bond, certificate, consent, notice, request, requisition, resolution, statement, telegram, voucher, waiver or other paper or document which it in good faith believes to be genuine and to have been adopted, executed or delivered by the proper party or pursuant to any of the provisions of the Indenture, and the Trustee is under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Trustee is under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Owners of the Bonds pursuant to the Indenture, unless such Owners have offered to the Trustee security or indemnity, reasonably satisfactory to the Trustee, against the reasonable costs, expenses and liabilities which might be incurred by it in compliance with such request or direction. The Trustee may consult with counsel, who may be counsel to the Authority or the City, with regard to legal questions, and the opinion of such counsel will be full and complete authorization and protection in respect to any action taken or suffered by it under the Indenture in good faith in accordance therewith.

The Trustee is not responsible for the sufficiency of the Bonds or the Lease Agreement, or of the assignment made to it by the Assignment Agreement, or for statements made in any preliminary or final official statement relating to the Bonds, or of the title to the Property.

Whenever in the administration of its rights and obligations under the Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action thereunder, such matter (unless other evidence in respect thereof is specifically prescribed) may be deemed to be conclusively proved and established by a Written Certificate of the City or a Written Certificate of the Authority, and such certificate will be full warrant to the Trustee for any action taken or suffered under the provisions of the Indenture upon the faith thereof, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it deems reasonable.

The Trustee may buy, sell, own, hold and deal in any of the Bonds and may join in any action which any Owner may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Authority or the City, and may act as agent, depository or trustee for any committee or body of Owners or of owners of obligations of the Authority or the City as freely as if it were not the Trustee under the Indenture.

The Trustee may, to the extent reasonably necessary, execute any of the trusts or powers of the Indenture and perform any rights and obligations required of it thereunder by or through agents, attorneys or receivers, and is entitled to advice of counsel concerning all matters of trust and its rights and obligations thereunder, and the Trustee will not be answerable for the negligence or misconduct of any such agent, attorney or receiver selected by it with reasonable care. The Trustee is not liable for any error of judgment made by it in good faith unless it is proved that the Trustee was negligent in ascertaining the pertinent facts.

The Trustee is not answerable for the exercise of any trusts or powers under the Indenture or for anything whatsoever in connection with the funds established thereunder, except only for its own willful misconduct, negligence or breach of an obligation thereunder.

The Trustee will not be deemed to have knowledge of an event of default unless it has actual knowledge thereof.

The Trustee may, on behalf of the Owners, intervene in any judicial proceeding to which the Authority or the City is a party and which, in the opinion of the Trustee and its counsel, affects the Bonds or the security therefor, and will do so if requested in writing by the Owners of at least 5% of the aggregate principal amount of Bonds then Outstanding, provided that the Trustee has no duty to take such action unless it has been indemnified to its reasonable satisfaction against all risk or liability arising from such action.

The Trustee's rights to immunities and protection from liability under the Indenture and its rights to payment of its fees and expenses will survive its resignation or removal and final payment or defeasance of the Bonds.

All indemnifications and releases from liability granted to the Trustee in the Indenture extend to the directors, officers, employees and agents of the Trustee.

The permissive right of the Trustee to do things enumerated in the Indenture will not be construed as a duty, and the Trustee will not be answerable for other than its negligence or willful default. The Trustee has no responsibility or liability with respect to any information, statements or recitals in any offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds. The Trustee is not accountable for the use or application by the Borrower of any of the Bonds or the proceeds thereof or for the use or application of any money paid over by the Trustee in accordance with the provisions of the Indenture or for the use and application of money received by any paying agent.

In no event is the Trustee responsible or liable for special, indirect, consequential, punitive or incidental loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

In no event is the Trustee responsible or liable for any failure or delay in the performance of its obligations under the Indenture arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, pandemics, epidemics, recognized public emergencies, quarantine restrictions, nuclear or natural catastrophes or acts of God, interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services, and hacking, cyber-attacks, or other use or infiltration of the Trustee's technological infrastructure exceeding authorized access; it being understood that the Trustee will use reasonable efforts that are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

The Trustee has agreed to accept and act upon instructions or directions pursuant to the Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; provided, however, that the Trustee receives an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate will be amended and replaced whenever a person is to be added or deleted from the listing. If the Authority or the City elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions will be deemed controlling. The Trustee is not liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding that such instructions conflict or are inconsistent with a subsequent written instruction. The Authority and the City have agreed to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including, without limitation, the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

In acting or omitting to act pursuant to the Lease Agreement or Ground Lease, the Trustee is entitled to all of the rights, immunities and indemnities accorded to it under the Indenture and the Lease Agreement.

MODIFICATION OR AMENDMENTS

Modifications and Amendments Permitted.

(a) The Indenture and the rights and obligations of the Authority, the City, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into with the prior written consent of the Insurer and the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, which has been filed with the Trustee. For purposes of this caption, "MODIFICATION OR AMENDMENTS—Modifications and Amendments Permitted", the Insurer will be treated as the Owner of the Insured Serie 2026 Bonds. No such modification or amendment may: (i) extend the fixed maturity of any Bonds, or reduce the amount of principal thereof or the rate of interest thereon, or extend the time of payment, without the consent of the Owner of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or (iii) permit the creation of any lien on the Base Rental Payments and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture or deprive the Owners of the Bonds of the lien created by the Indenture on such Base Rental Payments and other assets (except as expressly provided in the Indenture), without the consent of the Insurer and the Owners of all of the Bonds then Outstanding. It is not necessary for the consent of the Insurer or the Bond Owners to approve the particular form of any Supplemental Indenture, but it is sufficient if such consent approves the substance thereof.

(b) The Indenture and the rights and obligations of the Authority, the City, the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority, the City and the Trustee may enter into without the consent of any Bond Owners or the Insurer for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Authority or the City contained in the Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the Authority or the City;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture;

(3) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(4) to modify, amend or supplement the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute later in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(5) to modify, amend or supplement the Indenture in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(6) in any other respect whatsoever as the Authority and the City may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners under the Indenture.

(c) Promptly after the execution by the Authority, the City and the Trustee of any Supplemental Indenture, the Trustee will mail a notice (the form of which will be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, will not, however, in any way impair or affect the validity of any such Supplemental Indenture.

(d) No Supplemental Indenture may modify any of the rights or obligations of the Trustee without the Trustee's prior written consent.

The Authority or the City will send copies of any Supplemental Indenture to the Insurer and any rating agency which maintains a rating with respect to the Insured Series 2026 Bonds.

(e) Notwithstanding the foregoing, so long as any Insured Series 2026 Bonds remain outstanding and the Insurer will not have defaulted under the Policy (or any amounts are owed to the Insurer), any amendment, supplement, modification to, or waiver of, the Indenture or any other Related Document that requires the consent of the Owners or adversely affects the rights and interests of the Insurer will be subject to the prior written consent of the Insurer.

In determining whether any amendment, consent, waiver or other action to be taken, or any failure to take action, under the Indenture would adversely affect the security for the Bonds or the rights of the Owners, the Authority will consider the effect of any such amendment, consent, waiver, action or inaction as if there were no Policy.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the Indenture, the Indenture will be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations thereunder of the Authority, the City, the Trustee and all Owners of Bonds Outstanding will thereafter be determined, exercised and enforced thereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture will be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the execution of any Supplemental Indenture pursuant to the Indenture may, and if the Authority so determines will, bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Owner of any Bonds Outstanding at the time of such execution and presentation of his Bonds for the purpose at the Office of the Trustee a suitable notation will be made on such Bonds. If the Supplemental Indenture so provides, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such

Supplemental Indenture, will be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owners of any Bonds then Outstanding will be exchanged at the Office of the Trustee, without cost to any Bond Owner, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amount of the same interest rate and maturity.

Amendment of Particular Bonds. The provisions of the Indenture do not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

DEFEASANCE

Discharge of Indenture. If the Authority pays or cause to be paid or there is otherwise paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated in the Indenture and the Bonds, then the Owners of such Bonds will cease to be entitled to the pledge of the Base Rental Payments and the other assets as provided in the Indenture, and all agreements, covenants and other obligations of the Authority and the City to the Owners of such Bonds thereunder will thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee will execute and deliver to the Authority and the City all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee will pay over or deliver to the City all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of and interest and premium, if any, on such Bonds.

Subject to the provisions of the above paragraph, when any of the Bonds have been paid and if, at the time of such payment, the Authority and the City have kept, performed and observed all of the covenants and promises in such Bonds and in the Indenture required or contemplated to be kept, performed and observed by them on or prior to that time, then the Indenture will be considered to have been discharged in respect of such Bonds and such Bonds will cease to be entitled to the lien of the Indenture and such lien and all covenants, agreements and other obligations of the Authority and the City thereunder will cease, terminate become void and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of the Indenture or the discharge of the Indenture in respect of any Bonds, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, will remain in effect and will be binding upon the Trustee and the Owners of the Bonds and the Trustee will continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the satisfaction and discharge of the Indenture or the discharge of the Indenture in respect of any Bonds, those provisions of the Indenture relating to the compensation and indemnity of the Trustee will remain in effect and be binding upon the Trustee, the City and the Authority.

Bonds Deemed To Have Been Paid. If moneys have been set aside and held by the Trustee (or an escrow agent or other fiduciary) for the payment or redemption of any Bonds and the interest thereon at the maturity or redemption date thereof, such Bonds will be deemed to have been paid within the meaning and with the effect provided in the Indenture. Any Outstanding Bonds will prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the Indenture if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Authority has given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of the Indenture, notice of redemption of such Bonds on said redemption date, said notice to be given in accordance with the Indenture, (b) there has been deposited with the Trustee (or an escrow agent or other fiduciary) either (i) money in an amount which is sufficient, or (ii) Federal Securities that are not subject to redemption other than at the option of the holder thereof, the interest on and principal of which when paid will provide money which, together with the money, if any deposited or on deposit with the Trustee at the same time, will, as verified by an independent certified public accountant, be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bonds, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding

60 days, the Authority will have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the owners of such Bonds that the deposit required by clause (b) above has been made with the Trustee (or an escrow agent or other fiduciary) and that such Bonds, are deemed to have been paid in accordance with the Indenture and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bonds.

Only (1) cash, (2) non-callable direct obligations of the United States of America ("Treasuries"), (3) evidences of ownership of proportionate interests in future interest and principal payments on Treasuries held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Treasuries are not available to any person claiming through the custodian or to whom the custodian may be obligated, (4) subject to the prior written consent of the Insurer, pre-refunded municipal obligations rated "AAA" and "Aaa" by S&P and Moody's, respectively, or (5) subject to the prior written consent of the Insurer, securities eligible for "AAA" defeasance under then existing criteria of S&P or any combination thereof, shall be used to effect defeasance of the Insured Series 2026 Bonds unless the Insurer otherwise approves.

To accomplish defeasance of the Insured Series 2026 Bonds, the Authority or the City will cause to be delivered: (1) a report of an independent firm of nationally recognized certified public accountants or such other accountants acceptable to the Insurer verifying the sufficiency of the escrow established to pay the Insured Series 2026 Bonds in full on the maturity or redemption date ("Verification"); (ii) an Escrow Deposit Agreement (which shall be acceptable in form and substance to the Insurer); (iii) an Opinion of Counsel to the effect that the Insured Series 2026 Bonds are no longer "Outstanding" under the Indenture; and (iv) a certificate of discharge of the Trustee with respect to the Insured Series 2026 Bonds; each Verification and defeasance opinion will be acceptable in form and substance, and addressed, to the Authority, the Trustee and the Insurer. The Insurer will be provided with final drafts of the above-referenced documentation not less than five (5) Business Days prior to the funding of the escrow. Insured Series 2026 Bonds shall be deemed "Outstanding" under the Indenture unless and until they are in fact paid and retired or the above criteria are met.

Amounts paid by the Insurer under the Policy will not be deemed paid for purposes of the Indenture and the Insured Series 2026 Bonds relating to such payments shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Indenture. Notwithstanding anything to the contrary set forth therein, the Indenture will not be discharged unless all amounts due or to become due to the Insurer, including Policy Costs, have been paid in full or duly provided for, and the obligation to pay such amounts shall expressly survive payment in full of the Insured Series 2026 Bonds.

<u>Payment of Bonds After Discharge of Indenture</u>. Notwithstanding any provisions of the Indenture, to the extent permitted by law, any moneys held by the Trustee in trust for the payment of the principal of, or premium or interest on, any Bonds and remaining unclaimed for two years after the date of deposit of such moneys, will be repaid to the Authority (without liability for interest) free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys will thereupon cease; provided, however, that before the repayment of such moneys to the Authority as aforesaid, the Trustee may (at the cost of the Authority) first mail, by first class mail postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Authority of the moneys held for the payment thereof.

MISCELLANEOUS

<u>Benefits of Indenture Limited to Parties</u>. Nothing contained in the Indenture, expressed or implied, is intended to give to any person other than the Authority, the City, the Trustee and the Owners any claim, remedy or right under or pursuant thereto, and any agreement, condition, covenant or term required therein to be observed or performed by or on behalf of the Authority or the City is for the sole and exclusive benefit of the Trustee and the Owners.

The Insurer is a third party beneficiary under the Indenture and may enforce any right, remedy or claim conferred upon, given or granted thereunder.

Successor Deemed Included in all References to Predecessor. Whenever the Authority, the City or the Trustee, or any officer thereof, is named or referred to in the Indenture, such reference will be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority, the City, the Insurer or the Trustee, or such officer, and all agreements, conditions, covenants and terms required by the Indenture to be observed or performed by or on behalf of the Authority, the City or the Trustee, or any officer thereof, will bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Execution of Documents by Owners. Any declaration, request or other instrument which is permitted or required in the Indenture to be executed by Owners may be in one or more instruments of similar tenor and may be executed by Owners in person or by their attorneys appointed in writing. The fact and date of the execution by any Owner or his attorney of any declaration, request or other instrument or of any writing appointing such attorney may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state or territory in which he purports to act that the person signing such declaration, request or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer, or by such other proof as the Trustee may accept which it may deem sufficient.

The ownership of any Bonds and the amount, payment date, number and date of owning the same may be proved by the Registration Books.

Any declaration, request or other instrument in writing of the Owner of any Bond will bind all future Owners of such Bond with respect to anything done or suffered to be done by the Authority, the City or the Trustee in good faith and in accordance therewith.

Waiver of Personal Liability. Notwithstanding anything contained in the Indenture to the contrary, no member, officer or employee of the Authority or the City will be individually or personally liable for the payment of any moneys, including without limitation, the principal of or interest on the Bonds, but nothing contained in the Indenture relieves any member, officer or employee of the City or the Authority from the performance of any official duty provided by any applicable provisions of law, by the Lease Agreement or the Indenture.

Destruction of Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee may, in lieu of such cancellation and delivery, destroy such Bonds.

Funds and Accounts. Any fund or account required to be established and maintained in the Indenture by the Trustee may be established and maintained in the accounting records of the Trustee either as an account or a fund, and may, for the purposes of such accounting records, any audits thereof and any reports or statements with respect thereto, be treated either as an account or a fund, but all such records with respect to all such funds and accounts will at an times be maintained in accordance with sound accounting practice and with due regard for the protection of the security of the Bonds and the rights of the Owners.

The Trustee may commingle any of the moneys held by it under the Indenture for investment purposes only; provided, however, that the Trustee will account separately for the moneys in each fund or account established pursuant to the Indenture. The Trustee may establish such funds and accounts as it deems necessary or appropriate to perform its obligations thereunder.

Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required in the Indenture to be observed or performed by or on the part of the Authority, the City or the Trustee is contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms will be null and void to the extent contrary to law and will be deemed separable from the remaining agreements, conditions, covenants and terms of the Indenture and will in no way affect the validity of the Indenture or the Bonds, and the Owners will retain all the benefit, protection and security afforded to them under any applicable provisions of law. The Authority, the City and the Trustee have declared that they would have executed the Indenture, and each and every Article, Section, paragraph, subsection, sentence, clause and phrase thereof and would have authorized the execution and delivery of the Bonds pursuant thereto irrespective of the fact that any one or more

Articles, Sections, paragraphs, subsections, sentences, clauses or phrases thereof or the application thereof to any person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are actually known by the Trustee to be owned or held by or for the account of the Authority or the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, will be disregarded and deemed not to be Outstanding for the purpose of any such determination; except that, in determining whether the Trustee is protected in relying upon any such demand, request, direction, consent or waiver of an Owner, only Bonds which the Trustee actually knows to be owned or held by or for the account of the Authority or the City, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City, will be disregarded unless all Bonds are so owned or held, in which case such Bonds will be considered Outstanding for the purpose of such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of the Indenture if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the City. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel will be full protection to the Trustee. Upon request of the Trustee, the Authority and the City will specify in a Written Certificate of the City and Authority those Bonds disqualified pursuant to the Indenture and the Trustee may conclusively rely on such Certificate.

Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) will, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of the Indenture but without any liability for interest thereon.

Payment on Non-Business Days. In the event any payment is required to be made under the Indenture on a day which is not a Business Day, such payment will be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

California Law. The Indenture will be construed and governed in accordance with the laws of the State of California.

Notice to Rating Agencies. The Trustee will provide S&P, if the Bonds are then rated by S&P, and Moody's, if the Bonds are then rated by Moody's, with prompt notice of any substitution or release of property pursuant to the Lease Agreement.

Payment Procedure Under the Policy.

(a) If, on the third Business Day prior to the related scheduled Interest Payment Date there is not on deposit with the Trustee, after making all transfers and deposits required under the Indenture, moneys sufficient to pay the principal of and interest on the Insured Series 2026 Bonds due on such Interest Payment Date, the Trustee will give notice to the Insurer and to its designated agent (if any) (the "Insurer's Fiscal Agent") by telephone or telecopy of the amount of such deficiency by 12:00 noon, New York City time, on such Business Day. If, on the second Business Day prior to the related Interest Payment Date, there continues to be a deficiency in the amount available to pay the principal of and interest on the Insured Series 2026 Bonds due on such Interest Payment Date, the Trustee will make a claim under the Policy and give notice to the Insurer and the Insurer's Fiscal Agent (if any) by telephone of the amount of such deficiency, and the allocation of such deficiency between the amount required to pay interest on the Insured Series 2026 Bonds and the amount required to pay principal of the Insured Series 2026 Bonds, confirmed in writing to the Insurer and the Insurer's Fiscal Agent by 12:00 noon, New York City time, on such second Business Day by filling in the form of Notice of Claim and Certificate delivered with the Policy.

(b) The Trustee will designate any portion of payment of principal on Insured Series 2026 Bonds paid by the Insurer, whether by virtue of mandatory sinking fund redemption, maturity or other advancement of maturity, on its books as a reduction in the principal amount of Insured Series 2026 Bonds registered to the then current

Owner, whether DTC or its nominee or otherwise, and shall issue a replacement Insured Series 2026 Bond to the Insurer, registered in the name of the Insurer, in a principal amount equal to the amount of principal so paid (without regard to authorized denominations); provided that the Trustee's failure to so designate any payment or issue any replacement Insured Series 2026 Bond will have no effect on the amount of principal or interest payable by the Authority on any Insured Series 2026 Bond or the subrogation rights of the Insurer.

(c) The Trustee will keep a complete and accurate record of all funds deposited by the Insurer into the Policy Payments Account (defined below) and the allocation of such funds to payment of interest on and principal of any Insured Series 2026 Bond. The Insurer will have the right to inspect such records at reasonable times upon reasonable notice to the Trustee.

(d) Upon payment of a claim under the Policy, the Trustee shall establish a separate special purpose trust account for the benefit of Bondholders referred to herein as the "Policy Payments Account" and over which the Trustee shall have exclusive control and sole right of withdrawal. The Trustee will receive any amount paid under the Policy in trust on behalf of Bondholders and will deposit any such amount in the Policy Payments Account and distribute such amount only for purposes of making the payments for which a claim was made. Such amounts shall be disbursed by the Trustee to Bondholders in the same manner as principal and interest payments are to be made with respect to the Series 2026 Bonds under the sections hereof regarding payment of Series 2026 Bonds. It will not be necessary for such payments to be made by checks or wire transfers separate from the check or wire transfer used to pay debt service with other funds available to make such payments. Notwithstanding anything in the Indenture to the contrary, the Authority and the City agree, to pay to the Insurer: (i) a sum equal to the total of all amounts paid by the Insurer under the Policy (the "Insurer Advances"); and (ii) interest on such Insurer Advances from the date paid by the Insurer until payment thereof in full, payable to the Insurer at the Late Payment Rate per annum (collectively, the "Insurer Reimbursement Amounts"). The Authority and the City covenant and agree that Insurer Reimbursement Amounts are secured by a lien on and pledge of the Base Rental Payments and other amounts, and payable from such Base Rental Payments and other amounts, on a parity with debt service due on the Bonds.

(e) Funds held in the Policy Payments Account shall not be invested by the Trustee and may not be applied to satisfy any costs, expenses or liabilities of the Trustee. Any funds remaining in the Policy Payments Account following an Interest Payment Date shall promptly be remitted to the Insurer.

(f) Amounts paid by the Insurer under the Policy will not be deemed paid for purposes of the Indenture and the Insured Series 2026 Bonds relating to such payments will remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Indenture. The Indenture will not be discharged unless all amounts due or to become due to the Insurer have been paid in full or duly provided for.

(g) The Insurer will, to the extent it makes any payment of principal of or interest on the Insured Series 2026 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy (which subrogation rights shall also include the rights of any such recipients in connection with any Insolvency Proceeding). Each obligation of the Authority to the Insurer under the Related Documents shall survive discharge or termination of such Related Documents.

(h) The Authority will pay or reimburse (or cause the City to pay or reimburse) the Insurer any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with: (i) the administration, enforcement, defense or preservation of any rights or security in any Related Document; (ii) the pursuit of any remedies under the Indenture or any other Related Document or otherwise afforded by law or equity; (iii) any amendment, waiver or other action with respect to, or related to, the Indenture or any other Related Document whether or not executed or completed; or (iv) any litigation or other dispute in connection with the Indenture or any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of the Indenture or any other Related Document.

(i) After payment of reasonable expenses of the Trustee, the application of funds realized upon default shall be applied to the payment of expenses of the Authority or rebate only after the payment of past due and current debt service on the Bonds and amounts required to restore the Reserve Fund to the Reserve Fund Requirement.

(j) The Insurer will be entitled to pay principal or interest on the Insured Series 2026 Bonds that will become Due for Payment but will be unpaid by reason of Nonpayment by the Issuer (as such terms are defined in the Policy), whether or not the Insurer has received a Notice of Nonpayment (as such terms are defined in the Policy) or a claim upon the Policy.

Provision of Information and Notice to Insurer. So long as any Insured Series 2026 Bonds remain outstanding and the Insurer will not have defaulted under the Policy, the Insurer shall be provided with the following information by the City, Authority or Trustee, as the case may be:

(a) To the extent not otherwise filed with the Municipal Securities Rulemaking Board's EMMA System, annual audited financial statements within 180 days (or such longer period agreed to by the Insurer) after the end of the City's fiscal year (together with a certification of the City that it is not aware of any default or Event of Default under the Indenture), and the City's annual budget within 30 days after the approval thereof together with such other information, data or reports as the Insurer shall reasonably request from time to time.

(b) Notice of any draw upon the Reserve Fund within two Business Days after knowledge thereof other than: (i) withdrawals of amounts in excess of the Reserve Fund Requirement; and (ii) withdrawals in connection with a refunding of Insured Series 2026 Bonds.

(c) Notice of any default known to the Trustee or Authority within five Business Days after knowledge thereof.

(d) Prior notice of the advance refunding or redemption of any of the Insured Series 2026 Bonds, including the principal amount, maturities and CUSIP numbers thereof.

(e) Notice of the resignation or removal of the Trustee and the appointment of, and acceptance of duties by, any successor thereto.

(f) Notice of the commencement of any Insolvency Proceeding.

(g) Notice of the making of any claim in connection with any Insolvency Proceeding seeking the avoidance as a preferential transfer of any payment of principal of, or interest on, the Bonds.

(h) A full original transcript of all proceedings relating to the execution of any amendment, supplement, or waiver to the Related Documents.

(i) All reports, notices and correspondence to be delivered to Owners under the terms of the Related Documents and pursuant to any continuing disclosure agreement entered into in connection with the Series 2026 Bonds.

(j) The Insurer will have the right to receive such additional information as it may reasonably request.

(k) The Authority and the City will permit the Insurer to discuss the affairs, finances and accounts of the Authority and the City or any information the Insurer may reasonably request regarding the security for the Insured Series 2026 Bonds with appropriate officers of the Authority or the City and will use commercially reasonable efforts to enable the Insurer to have access to the facilities, books and records of the Authority or the City, as requested, on any business day upon reasonable prior notice.

(l) The Trustee shall notify the Insurer of any failure of the Authority or the City to provide notices, certificates and other information under the transaction documents.

Rights of the Insurer. No contract will be entered into or any action taken by which the rights of the Insurer or security for or sources of payment of the Insured Series 2026 Bonds may be impaired or prejudiced in any material respect except upon obtaining the prior written consent of the Insurer.

The Authority and/or the City will not enter into any interest rate exchange agreement or any other interest rate maintenance agreement secured by and payable from the Base Rental Payments without the prior written consent of the Insurer.

LEASE AGREEMENT

DEFINITIONS

Definitions. Unless the context otherwise requires, the terms defined in the Lease Agreement, for all purposes of the Lease Agreement, have the meanings therein specified, which meanings are equally applicable to both the singular and plural forms of any of the terms therein defined. Capitalized terms not otherwise defined in the Lease Agreement have the meanings assigned to such terms in the Indenture.

"Additional Bonds" means bonds other than the Series 2026 Bonds issued under the Indenture in accordance with the provisions thereof

"Additional Rental Payments" means all amounts payable by the City as Additional Rental Payments pursuant to the Lease Agreement.

"Authority" means the Dixon Financing Authority, a joint exercise of powers authority organized and existing under the laws of the State of California.

"Base Rental Deposit Date" means the fifth (5^{th}) Business Day next preceding each Interest Payment Date.

"Base Rental Payments" means all amounts payable to the Authority from the City as Base Rental Payments pursuant to the Indenture.

"Base Rental Payment Schedule" means the schedule of Base Rental Payments payable to the Authority from the City pursuant to the Lease Agreement and attached thereto.

"Bonds" means the Series 2026 Bonds, and any Additional Bonds.

"City" means the City of Dixon, a municipal corporation and general law city duly organized and existing under and by virtue of the Constitution and laws of the State of California.

"Closing Date" means [Closing Date].

"Completion Certificate" means a certificate of an Authorized City Representative delivered pursuant to the Indenture to the effect that the Project has been substantially completed and is available for occupancy.

"Costs" means, with respect to the Project, together with any other proper item of cost not specifically mentioned in the Indenture, (a) costs of payment of, or reimbursement for, acquisition, design, construction, rehabilitation, installation, delivery and financing of the Project, including, but not limited to, the payment of real property rental, administrative costs and capital expenditures relating to acquisition, construction, installation, and demolition, inspection costs, filing and recording costs, printing costs, reproduction and binding costs, fees and charges of the Trustee pursuant to the Indenture and other financing documents, legal fees and charges, financial, accounting and other professional consultant fees, costs of rating agencies or credit ratings, fees for the printing, execution, transportation and safekeeping of the Series 2026 Bonds; (b) all other costs which the City will be required to pay under the terms of any contract or contracts for the acquisition, construction, delivery and installation of the Project, and demolition work required for the Project, including, but not limited to, the cost of insurance; (c) any sums required to reimburse the City for advances made for any of the above items, or for any other costs incurred and for work done, which is properly chargeable to the Project; (d) any costs paid from the Net Insurance Proceeds to repair, restore or replace the Project; and (e) such other expenses not specified in the Indenture as may be necessary or incidental to the acquisition, construction, delivery and installation of the Project, the financing thereof and the placing of the same in use and operation. Costs, as defined in the Lease Agreement, will be deemed to include the cost and expenses incurred by any agent of the City for any of the above mentioned items.

"Ground Lease" means the Ground Lease, dated as of the Lease Agreement, by and between the City and the Authority, as originally executed and as it may from time to time be amended in accordance with to the provisions thereof and of the Lease Agreement.

"Indenture" means the Indenture, dated as of the Lease Agreement, by and among the Authority, the City and the Trustee, as originally executed and as it may from time to time be amended or supplemented in accordance with the provisions thereof.

"Joint Powers Agreement" means the Joint Exercise of Powers Agreement, dated April 7, 2026, by and between the City and the Dixon Industrial Development Authority, pursuant to which the Authority is established, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Lease Agreement" means the Lease Agreement, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"Net Insurance Proceeds" means any insurance proceeds or condemnation award, in excess of $50,000, paid with respect to any of the Property, remaining after payment therefrom of all reasonable expenses incurred in the collection thereof.

"Permitted Encumbrances" means, with respect to the Property, as of any particular time (a) liens for general *ad valorem* taxes and assessments, if any, not then delinquent, or which the City may, pursuant to provisions of the Lease Agreement, permit to remain unpaid, (b) the Assignment Agreement, (c) the Lease Agreement, (d) the Ground Lease, (e) any right or claim of any mechanic, laborer, materialman, supplier or vendor not filed or perfected in the manner prescribed by law as normally exist with respect to properties similar to the Property for the purposes for which it was acquired or is held by the City, (f) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions which exist of record as of the Closing Date which the City certifies in writing will not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing, (g) easements, rights of way, mineral rights, drilling rights and other rights, reservations, covenants, conditions or restrictions established following the Closing Date which the City certifies in writing do not affect the intended use of the Property or impair the security granted to the Trustee for the benefit of the Owners of the Bonds by the Indenture and the Assignment Agreement and to which the Authority and the City consent in writing, (h) the Purchase Agreement, by and between the City and First Northern Bank, dated as of August 31, 2019 and the Municipal Lease Purchase Agreement, by and between the City and First Northern Bank, dated as of August 31, 2019, encumbering the Property and (i) future subleases of the Property entered into by the City, as sublessor, and third party tenants, as sublessee, so long as such subleases are entered into in compliance with the Indenture. Any Permitted Encumbrance that would materially affect the security for the Bonds or the use of the Property shall be subject to the prior written consent of the Insurer

"Project" is defined in the Recitals.

"Property" means the real property described in an exhibit to the Lease Agreement and improvements located thereon.

"Rental Payments" means, collectively, the Base Rental Payments and the Additional Rental Payments.

"Rental Period" means the period from the Closing Date through April 30, 2027 and, thereafter, the twelve-month period commencing on May 1 of each year during the term of the Lease Agreement.

"Series 2026 Bonds" means the Dixon Financing Authority Lease Revenue Bonds, Series 2026 issued under the Indenture.

"Termination Date" means May 1, 2057, unless extended or sooner terminated as provided in the Lease Agreement.

"Trustee" means the trustee appointed under the Indenture and referred to therein as the Trustee.

LEASE OF PROPERTY; TERM

Lease of Property.

(a) The Authority has leased to the City and the City has leased from the Authority the Property, on the terms and conditions set forth in the Lease Agreement, subject to all Permitted Encumbrances.

(b) The leasing of the Property by the City to the Authority pursuant to the Ground Lease does not effect or result in a merger of the City's leasehold estate pursuant to the Lease Agreement and its fee estate as lessor under the Ground Lease, and the Authority will continue to have a leasehold estate in the Property pursuant to the Ground Lease throughout the term thereof and of the Lease Agreement. The leasehold interest granted by the City to the Authority pursuant to the Ground Lease is and will be independent of the Lease Agreement; the Lease Agreement is not an assignment or surrender of the leasehold interest granted to the Authority under the Ground Lease.

Term; Occupancy. The term of the Lease Agreement will commence on the Closing Date and end on the Termination Date, unless such term is extended or sooner terminated as provided in the Lease Agreement. If on the Termination Date the Bonds are not fully paid, or provision therefor made in accordance the defeasance provisions of the Indenture, or the Indenture is not discharged by its terms, or if the Rental Payments remain due and payable or have been abated at any time and for any reason, or amounts will be due and owing under the Indenture or the Lease Agreement to the Insurer, then the term of the Lease Agreement will be extended until latest of the dates upon which (i) all Bonds are fully paid, or provision therefor made in accordance with the defeasance provisions of the Indenture, or (ii) the Indenture is discharged by its terms and all Rental Payments have been paid in full, and (iii) all amounts due and owing to the Insurer under the Lease Agreement or under the Indenture shall be fully paid. Notwithstanding the foregoing, the term of the Lease Agreement will in no event be extended more than ten years beyond the Termination Date, such extended date being the "Maximum Lease Term." If prior to the Termination Date, all Bonds are fully paid, or provision therefor made in accordance with the provisions of the Indenture under the caption "DEFEASANCE," the Indenture will be discharged by its terms and all Rental Payments will be paid in full, then the term of the Lease Agreement will end simultaneously therewith.

RENTAL PAYMENTS

Base Rental Payments.

(a) Subject to the provisions of the Lease Agreement relating to a revision of the Base Rental Payment Schedule pursuant to clause (b) below, the City will pay to the Authority, as Base Rental Payments (subject to the provisions of the Lease Agreement providing for abatement and prepayment of Base Rental Payments) (i) the amount at the times specified in the Base Rental Payment Schedule, a portion of which Base Rental Payments constitutes principal, and a portion of which constitutes interest (ii) any Insurer Reimbursement Amounts due and owing to the Insurer as set forth in the Indenture, and (iii) repayment of Policy Costs due and owing to the Insurer pursuant to the Indenture. Rental Payments, including Base Rental Payments, will be paid by the City to the Authority for and in consideration of the right to use and occupy the Property and in consideration of the continued right to the quiet use and enjoyment thereof during each Rental Period for which such Rental Payments are to be paid.

The obligation of the City to make the Base Rental Payments does not constitute a debt of the City or of the State of California, or of any political subdivision thereof, within the meaning of any constitutional or statutory debt limit or restriction, and does not constitute an obligation for which the City or the State of California is obligated to levy or pledge any form of taxation or for which the City or the State of California has levied or pledged any form of taxation.

(b) If the term of the Lease Agreement has been extended pursuant thereto, the obligation of the City to pay Rental Payments will continue to and including the Base Rental Deposit Date preceding the date of termination of the Lease Agreement (as so extended pursuant to the Lease Agreement). Upon such extension, the Base Rental Payments will be established so that they will be sufficient to pay all extended and unpaid Base Rental Payments; provided, however, that the Rental Payments payable in any Rental Period may not exceed the annual fair rental value of the Property.

Additional Rental Payments. The City will also pay, as Additional Rental Payments, such amounts as are be required for the payment of the following:

(a) all taxes and assessments of any type or nature charged to the Authority or the City or affecting the Property or the respective interests or estates of the Authority or the City therein;

(b) all reasonable administrative costs of the Authority relating to the Property including, but without limiting the generality of the foregoing, salaries, wages, fees and expenses, compensation and indemnification of the Trustee payable by the Authority under the Indenture, fees of auditors, accountants, attorneys or engineers, and all other necessary and reasonable administrative costs of the Authority or charges required to be paid by it in order to maintain its existence or to comply with the terms of the Indenture or the Lease Agreement or to defend the Authority and its members, officers, agents and employees;

(c) insurance premiums for all insurance required pursuant to the Lease Agreement;

(d) any amounts with respect to the Lease Agreement or the Bonds required to be rebated to the federal government in accordance with Section 148(f) of the Code; and

(e) all amounts due and owing to the Insurer as set forth in the Lease Agreement; and

(f) all other payments required to be paid by the City under the provisions of the Lease Agreement or the Indenture.

Amounts constituting Additional Rental Payments payable under the Indenture will be paid by the City directly to the person or persons to whom such amounts are payable. The City will pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 60 days after notice in writing from the Trustee to the City stating the amount of Additional Rental Payments then due and payable and the purpose thereof.

Fair Rental Value. The parties to the Lease Agreement have agreed and determined that the annual fair rental value of the Property is not less than the maximum annual Rental Payments due in any year. In making such determination of fair rental value, consideration has been given to the uses and purposes that may be served by the Property and the benefits therefrom which will accrue to the City and the general public. Payments of the Rental Payments for the Property during each Rental Period constitute the total rental for said Rental Period.

Payment Provisions. Each installment of Base Rental Payments payable under the Lease Agreement will be paid in lawful money of the United States of America to or upon the order of the Authority at the principal office of the Trustee in Los Angeles, California, or such other place or entity as the Authority or Trustee designates. Each Base Rental Payment will be deposited with the Trustee no later than the Base Rental Deposit Date preceding the Interest Payment Date on which such Base Rental Payment is due. Any Base Rental Payment which is not paid by the City when due and payable under the terms of the Lease Agreement will bear interest from the date when the same is due thereunder until the same is paid at the rate equal to the highest rate of interest on any of the Outstanding Bonds. Notwithstanding any dispute between the Authority and the City, the City will make all Rental Payments when due without deduction or offset of any kind and will not withhold any Rental Payments pending the final resolution of such dispute. In the event of a determination that the City was not liable for said Rental Payments or any portion thereof, said payments or excess of payments, as the case may be, will be credited against subsequent Rental Payments due under the Lease Agreement or refunded at the time of such determination. Amounts required to be deposited by the City with the Trustee pursuant to the Lease Agreement on any date will be reduced to the extent of available amounts on deposit in the Base Rental Payment Fund, the Interest Fund or the Principal Fund.

Appropriations Covenant. The City has covenanted to take such action as may be necessary to include all Rental Payments due under the Lease Agreement as a separate line item in its annual budgets and to make necessary annual appropriations for all such Rental Payments. The City will deliver to the Authority and the Trustee a Certificate of the City stating that its final annual budget includes all Base Rental Payments due in the fiscal years addressed in such budget within ten days after the filing or adoption thereof. The covenants on the part of the City contained in the Lease Agreement are deemed to be and will be construed to be duties imposed by law and it is the duty of each and every public official of the City to take such action and do such things as are required by law in the performance of the official duty of such officials to enable the City to carry out and perform the covenants and agreements in the Lease Agreement agreed to be carried out and performed by the City.

Rental Abatement. Except as otherwise specifically provided in the Lease Agreement, during any period in which, by reason of material damage to, or destruction or condemnation of, the Property, or any defect in title to the Property, there is substantial interference with the City's right to use and occupy any portion of the Property, Rental Payments will be abated proportionately, and the City waives the benefits of Civil Code Sections 1932(1), 1932(2) and 1933(4) and any and all other rights to terminate the Lease Agreement by virtue of any such interference, and the Lease Agreement will continue in full force and effect. The amount of such abatement will be agreed upon by the City and the Authority; provided, however, that the Rental Payments due for any Rental Period may not exceed the annual fair rental value of that portion of the Property available for use and occupancy by the City during such Rental Period. The City and the Authority will calculate such abatement and provide the Trustee with a certificate setting forth such calculation and the basis therefor. Such abatement will continue for the period commencing with the date of interference resulting from such damage, destruction, condemnation or title defect and, with respect to damage to or destruction of the Property, ending with the substantial completion of the work of repair or replacement of the Property, or the portion thereof so damaged or destroyed; and the term of the Lease Agreement will be extended as provided therein, except that the term will in no event be extended beyond the Maximum Lease Term.

Notwithstanding the foregoing, to the extent that moneys are available for the payment of Rental Payments in any of the funds and accounts established under the Indenture or proceeds of the rental interruption insurance required by the Lease Agreement are available, Rental Payments will not be abated as provided above but, rather, will be payable by the City as a special obligation payable solely from said funds, accounts, and proceeds.

ACQUISITION, CONSTRUCTION AND IMPROVEMENT OF THE PROJECT

Deposit of Bond Proceeds; City Deposit. Upon the issuance of the Series 2026 Bonds, the Authority agrees that all proceeds of the Series 2026 Bonds will be paid to the Trustee and that such moneys will be deposited with the Trustee and be applied as provided in the Indenture.

Acquisition, Construction and Improvement of the Project. The City agrees to acquire, construct, deliver and install any portion of the Project to be financed with the proceeds of the Series 2026 Bonds, or to cause such portion to be acquired, constructed, delivered and installed, with the proceeds of Series 2026 Bonds paid to the City by the Authority pursuant to the Lease Agreement and the Authority will have no responsibility with respect thereto.

Compliance with Law. The City will comply with all applicable provisions for bids and contracts prescribed by law with respect to the Project, including, without limitation, any applicable environmental review and approvals, Sections 22160 et seq. of the Public Contracts Code and Chapter 5.06 of the Dixon Municipal Code. The City acknowledges and agrees that specific expenditures for all or any portion of the Project, as now or later designated, are expressly subject to compliance with such requirements.

Payment of Costs. Payment of Costs will be made from the moneys deposited with the Trustee in the Project Fund as provided in the Lease Agreement and Indenture, which will be disbursed from the Project Fund in accordance and upon compliance with the Indenture.

Time of Completion. Substantial completion of the Project shall be completed on or prior to October 2029, subject to excused delays pursuant to standard City procedures (the "Completion Date").

Construction and Acquisition of the Project. The City agrees to oversee the construction, acquisition, delivery and installation of the Project in accordance with the following terms:

(a) Construction and Completion. The City agrees to proceed with all due diligence to complete the construction, acquisition, delivery and installation of the Project, all in accordance with the plans and specifications for the Project (the "Plans and Specifications") approved by the City Engineer. The City will comply with all statutes and laws applicable to the performance of its obligations under the Indenture, including all public laws applicable thereto and all laws regarding the approval, acquisition and construction of public projects by cities in the State of California. The City will make certain that each contract relating to the Project is awarded in accordance with applicable law and contains a scheduled completion date which requires completion on or before the scheduled completion date referred to in the Lease Agreement;

(b) Change Orders. Subject to any other restrictions imposed upon the City, the City may approve any changes to the Plans and Specifications so long as any change does not, and all such changes as a whole do not, (i) substantially alter the nature of the Project, (ii) delay the completion of the Project beyond October 2029, (iii) reduce the fair rental value of the Project, or (iv) increase the total Costs of the Project to an amount in excess of the amount in the Project Fund unless there has been deposited with the City an amount equal to such excess or unless there has been deposited with the City a certificate of an Authorized Representative of the City, together with a revised construction budget demonstrating that the total amount on deposit to pay for the Project is adequate to allow the completion of the Project as planned;

(c) Payment of Costs of the Project. Payment of the portion of the Costs of the Project being financed by the City will be made from moneys deposited in the Project Fund, and will be disbursed for such purpose in accordance and upon compliance with the Indenture. Neither the Authority nor the City will be liable for the payment of Costs of the Project other than from amounts on deposit in the Project Fund; and

(d) Unexpended Monies. The City agrees that unexpended moneys remaining in the Project Fund will, upon payment in full of all Costs of the Project, be applied solely in accordance with the provisions of the Indenture.

Completion Date; Certification. Upon the completion of acquisition, construction, delivery and installation of the portion of the Project to be financed with each issue of Bonds, the City will deliver to the Trustee a Completion Certificate with respect thereto. On the date of filing a Completion Certificate concerning that portion of the Project financed with proceeds of Series 2026 Bonds, all excess moneys remaining in the Project Fund for the Series 2026 Bonds for which such Completion Certificate is delivered will be applied in accordance with the Indenture.

MAINTENANCE, ALTERATIONS AND ADDITIONS

Modification of the Property.

(a) Subject to the Lease Agreement, the City and any sublessee will, at its own expense, or with the proceeds of Additional Bonds, have the right to make additions, modifications, and improvements to any portion of the Property if such improvements are necessary or beneficial for the use of such portion of the Property. All such additions, modifications and improvements will thereafter comprise part of the Property and be subject to the provisions of this Lease. Such additions, modifications and improvements will not in any way cause an abatement of Rental Payments with respect to the Property or cause it to be used for purposes other than those authorized under the provisions of State and federal law or in any way which would impair the State tax-exempt status or the exclusion from gross income for federal income tax purposes of the interest on the Bonds and Additional Bonds (to the extent such Additional Bonds were issued as tax exempt Bonds); and the Property, upon completion of any additions, modifications and improvements made pursuant to this Section, will have an annual fair rental value which is not less than the annual Rental Payments.

(b) Subject to the Lease Agreement, the City and any sublessee will, at its own expense, or with the proceeds of Additional Bonds, have the right to make replacements, redevelopment or renovation of all or a portion of the Property if the following conditions precedent are satisfied:

(i) The City receives an opinion of Bond Counsel, a copy of which the City will furnish to the Authority and the Trustee, that (1) such replacement does not adversely affect the federal income tax exclusion or the State tax-exempt status of the interest on the Bonds and Additional Bonds (to the extent such Additional Bonds were issued as tax exempt Bonds), and (2) this Lease will remain the legal, valid, binding and enforceable obligation of the City;

(ii) In the event such replacement, redevelopment or renovation would result in the temporary abatement of Rental Payments as provided in the Lease Agreement, the City will have notified any rating agency then providing a rating on the Bonds and will deposit moneys with the Trustee in advance for payment of Rental Payments from the proceeds of Additional Bonds or from special funds of the City or other moneys, the application of which would not, in the opinion of Bond Counsel (a copy of which shall have been delivered to the Trustee), result in such Rental Payments constituting indebtedness of the City in contravention of the Constitution and laws of the State; and

(iii) The City certifies to the Trustee that it has sufficient funds to complete such replacement, redevelopment or renovation.

Maintenance and Utilities. Throughout the term of the Lease Agreement, as part of the consideration for rental of the Property, all improvement, repair and maintenance of the Property will be the responsibility of the City, and the City will pay for or otherwise arrange for the payment of all utility services supplied to the Property, which may include, without limitation, janitor service, security, power gas, telephone, light, heating, ventilation, air conditioning, water and all other utility services, and will pay for or otherwise arrange for payment of the cost of the repair and replacement of the Property resulting from ordinary wear and tear or want of care on the part of the City or any assignee or sublessee thereof. In exchange for the Rental Payments, the Authority has agreed to provide only the Property.

Installation of City's Equipment. The City and any sublessee may at any time and from time to time, in its sole discretion and at its own expense, install or permit to be installed items of equipment or other personal property in or upon the Property. All such items will remain the sole property of the City or such sublessee, and neither the Authority nor the Trustee have any interest therein. The City or such sublessee may remove or modify such equipment or other personal property at any time, provided that such party will repair and restore any and all damage to the Property resulting from the installation, modification or removal of any such items. Nothing in the Lease Agreement prevents the City or any sublessee from purchasing items to be installed pursuant to the Lease Agreement under a conditional sale or lease purchase contract, or subject to a vendor's lien or security agreement as security for the unpaid portion of the purchase price thereof, provided that no such lien or security interest will attach to any part of the Property.

INSURANCE

Commercial General Liability and Property Damage Insurance; Workers' Compensation Insurance.

(a) The City will maintain or cause to be maintained, throughout the term of the Lease Agreement, a standard commercial general liability insurance policy or policies in protection of the City, the Authority and their respective members, officers, agents and employees. Said policy or policies must provide for indemnification of said parties against direct or contingent loss or liability for damages for bodily and personal injury, death or property damage occasioned by reason of the use or ownership of the Property. Said policy or policies must provide coverage in the minimum liability limits of $1,000,000 for personal injury or death of each person and $3,000,000 for personal injury or deaths of two or more persons in a single accident or event, and in a minimum amount of $500,000 for damage to property (subject to a deductible clause of not to exceed $100,000) resulting from a single accident or event. Such commercial general liability and property damage insurance may, however, be in the form of a single limit policy in the amount of $3,000,000 covering all such risks. Such liability insurance may be maintained as part of or in conjunction with any other liability insurance coverage carried or required to be carried by the City, and may be maintained in whole or in part in the form of self-insurance by the City provided such self-insurance complies with the provisions of the Lease Agreement. The Net Insurance Proceeds of such liability insurance will be applied toward extinguishment or satisfaction of the liability with respect to which the Net Insurance Proceeds of such insurance have been paid.

(b) The City will maintain or cause to be maintained, throughout the term of the Lease Agreement, workers' compensation insurance issued by a responsible carrier authorized under the laws of the State of California to insure employers against liability for compensation under the California Labor Code, or any act enacted as an amendment or supplement thereto or in lieu thereof, such workers' compensation insurance to cover all persons employed by the City in connection with the Property and to cover full liability for compensation under any such act; provided, however, that the City's obligations may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of the Lease Agreement.

(c) The City will maintain or cause to be maintained, fire, lightning and special extended coverage insurance (which includes coverage for vandalism and malicious mischief, but need not include coverage for earthquake damage) on all improvements constituting any part of the Property in an amount equal to the greater of 100% of the replacement cost of such improvements or 100% of the outstanding principal amount of the Bonds. The City has an insurance policy which provides replacement cost coverage. All insurance requires to be maintained pursuant to the Lease Agreement may be subject to a deductible in an amount not to exceed $500,000. The City's obligations may be satisfied by self-insurance, provided that such self-insurance complies with the provisions of the Lease Agreement.

(d) The City will maintain rental interruption insurance to cover the Authority's loss, total or partial, of Base Rental Payments resulting from the loss, total or partial, of the use of any part of the Property as a result of any of the hazards required to be covered pursuant to clause (c) above in an amount sufficient at all times to pay an amount not less than the product of two times the maximum amount of Base Rental Payments scheduled to be paid during any Rental Period. The City's obligations under this subsection may be satisfied by insurance provided through a California joint powers authority of which the City is a member or with which the City contracts for insurance, subject to compliance with the provisions of the Indenture.

(e) The insurance required by the Lease Agreement will be provided by reputable insurance companies with claims paying abilities determined, in the reasonable opinion of a professionally certified risk manager or an independent insurance consultant, to be adequate for the purposes of the Lease Agreement.

<u>Title Insurance</u>. The City will provide, at its own expense, one or more CLTA or ALTA title insurance policies for the Property, in the aggregate amount of not less than the initial aggregate principal amount of the Series 2026 Bonds and the initial aggregate principal amount of any Additional Bonds issued after the Closing Date. Such policy or policies will insure (a) the fee interest of the City in the Property, (b) the Authority's ground leasehold estate in the Property under the Ground Lease, and (c) the City's leasehold estate thereunder in the Property, subject only to Permitted Encumbrances. All Net Insurance Proceeds received under said policy or policies will be deposited with the Trustee and applied as provided in the Indenture. So long as any of the Bonds remain Outstanding, each policy of title insurance obtained pursuant to the Indenture or the Lease Agreement or required thereby must provide that all proceeds thereunder be payable to the Trustee for the benefit of the Bond Owners.

<u>Additional Insurance Provision</u>; <u>Form of Policies</u>. The City will pay or cause to be paid when due the premiums for all insurance policies required by the Lease Agreement, and will promptly furnish or cause to be furnished evidence of such payments to the Trustee. All such policies must provide that the Trustee be given 30 days' notice of the expiration thereof or any intended cancellation thereof. The Trustee will be fully protected in accepting payment on account of such insurance or any adjustment, compromise or settlement of any loss agreed to by the Trustee.

The City will cause to be delivered to the Trustee on or before August 15 each year, commencing August 15, 2027, a Certificate of the City stating that such policies are in full force and effect and that the City is in full compliance with the requirements of Lease Agreement. The Trustee is entitled to rely upon said Certificate of the City as to the City's compliance therewith. The Trustee is not responsible for the sufficiency of coverage or amounts of such policies.

Self-Insurance. Insurance provided through a California joint powers authority of which the City is a member or with which the City contracts for insurance is deemed to be self-insurance for purposes of the Lease Agreement. Any self-insurance maintained by the City pursuant to the Lease Agreement must comply with the following terms:

(a) the self-insurance program must be approved in writing by the City's Risk Manager, a professionally certified risk manager, or an independent insurance consultant;

(b) the self-insurance program must include an actuarially sound claims reserve fund out of which each self-insured claim is paid, the adequacy of each such fund will be evaluated on an annual basis by the City's Risk Management Department, a professionally certified risk manager, or an independent insurance consultant and any deficiencies in any self-insured claims reserve fund will be remedied in accordance with the recommendation of the City's Risk Management Department, a professionally certified risk manager or such independent insurance consultant, as applicable; and

(c) in the event that the self-insurance program is discontinued, the actuarial soundness of its claims reserve fund, as determined by a professionally certified risk manager or by an independent insurance consultant, will be maintained.

DEFAULTS AND REMEDIES

Defaults and Remedies.

(a) (i) If the City fails: (A) to pay any Rental Payment payable under the Lease Agreement when the same becomes due and payable, time being expressly declared to be of the essence in the Lease Agreement or (B) to keep, observe or perform any other term, covenant or condition contained therein or in the Indenture to be kept or performed by the City, or (ii) upon the happening of any of the events specified in the Lease Agreement, the City will be deemed to be in default thereunder and it will be lawful for the Authority, upon the direction of the Insurer, to exercise any and all remedies available pursuant to law or granted pursuant to the Lease Agreement. The City will in no event be in default in the observance or performance of any covenant, condition or agreement in the Lease Agreement on its part to be observed or performed, other than as referred to in clause (i)(A) or (ii) of the preceding sentence, unless the City has failed, for a period of 30 days or, with the prior written consents of the Insurer, such additional time as is reasonably required to correct any such default after notice by the Authority to the Insurer and the City properly specifying wherein the City has failed to perform any such covenant, condition or agreement. Upon any such default, the Authority, in addition to all other rights and remedies it may have at law, has the option to do any of the following:

(1) To terminate the Lease Agreement in the manner therein provided and any sublease of the Property or any party thereof on account of default by the City, notwithstanding any re-entry or re-letting of the Property as therein provided for in subparagraph (2) below, and to re-enter the Property and remove all persons in possession thereof and all personal property whatsoever situated upon the Property and place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City. In the event of such termination, the City has agreed to surrender immediately possession of the Property, without let or hindrance, and to pay the Authority all damages recoverable at law that the Authority may incur by reason of default by the City, including, without limitation, any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Lease Agreement. Neither notice to pay Rental Payments or to deliver up possession of the Property given pursuant to law nor any entry or re-entry by the Authority nor any proceeding in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property nor the appointment of a receiver

upon initiative of the Authority to protect the Authority's interest under the Lease Agreement will of itself operate to terminate the Lease Agreement, and no termination of the Lease Agreement on account of default by the City will be or become effective by operation of law or acts of the parties thereto, or otherwise, unless and until the Authority has given written notice to the City of the election on the part of the Authority to terminate the Lease Agreement. The City has covenanted and agreed that no surrender of the Property or of the remainder of the term of the Lease Agreement or any termination thereof will be valid in any manner or for any purpose whatsoever unless stated by the Authority by such written notice.

(2) Without terminating the Lease Agreement, (x) to collect each installment of Rental Payments as the same become due and enforce any other terms or provisions thereof to be kept or performed by the City, regardless of whether or not the City has abandoned the Property, or (y) to exercise any and all rights of entry and re-entry upon the Property. In the event that Authority, at the direction of the Insurer, does not elect to terminate the Lease Agreement in the manner provided for in subparagraph (1) above, the City will remain liable and has agreed to keep or perform all covenants and conditions contained in the Lease Agreement to be kept or performed by the City and, if the Property is not re-let, to pay the full amount of the Rental Payments to the end of the term of the Lease Agreement or, in the event that the Property is re-let, to pay any deficiency in Rental Payments that results therefrom; and has further agreed to pay said Rental Payments and/or Rental Payment deficiency punctually at the same time and in the same manner as provided in the Lease Agreement for the payment of Rental Payments thereunder, notwithstanding the fact that the Authority may have received in previous years or may receive thereafter in subsequent years Rental Payments in excess of the Rental Payments therein specified, and notwithstanding any entry or re-entry by the Authority or suit in unlawful detainer, or otherwise, brought by the Authority for the purpose of effecting such re-entry or obtaining possession of the Property. Should the Authority elect to re-enter as provided in the Lease Agreement, the City has irrevocably appointed the Authority as the agent and attorney-in-fact of the City to re-let the Property, or any part thereof, from time to time, either in the Authority's name or otherwise, upon such terms and conditions and for such use and period as the Authority may deem advisable and to remove all persons in possession thereof and all personal property whatsoever situated upon the Property and to place such personal property in storage in any warehouse or other suitable place, for the account of and at the expense of the City, and the City has indemnified and agreed to save harmless the Authority from any costs, loss or damage whatsoever arising out of, in connection with, or incident to any such re-entry upon and re-letting of the Property and removal and storage of such property by the Authority or its duly authorized agents in accordance with the provisions contained in the Lease Agreement. The City has agreed that the terms of the Lease Agreement constitute full and sufficient notice of the right of the Authority to re-let the Property in the event of such re-entry without effecting a surrender of the Lease Agreement, and has further agreed that no acts of the Authority in effecting such re-letting constitute a surrender or termination of the Lease Agreement irrespective of the use or the term for which such re-letting is made or the terms and conditions of such re-letting, or otherwise, but that, on the contrary, in the event of such default by the City the right to terminate the Lease Agreement will vest in the Authority to be effected in the sole and exclusive manner provided for in subparagraph (1) above. The City has further agreed to pay the Authority the cost of any alterations or additions to the Property necessary to place the Property in condition for re-letting immediately upon notice to the City of the completion and installation of such additions or alterations.

The City has waived any and all claims for damages caused or which may be caused by the Authority in re-entering and taking possession of the Property as provided in the Lease Agreement and all claims for damages that may result from the destruction of or injury to the Property and all claims for damages to or loss of any property belonging to the City, or any other person, that may be in or upon the Property.

(b) If (i) the City's interest in the Lease Agreement or any part thereof is assigned or transferred, either voluntarily or by operation of law or otherwise, without the written consent of the Authority and, as provided for in the Lease Agreement or (ii) the City or any assignee files any petition or institute any proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby the City asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of the City's debts or obligations, or offers to the City's creditors to elect a composition or extension of time to pay the City's debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of the City's debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character be filed or be instituted or taken against the City, or if a receiver of the business or of the property or assets of the City is appointed by any court, except a receiver appointed at the instance or request of the Authority, or if the City makes a general assignment for the benefit of the City's creditors; or (iii) the City abandons or vacates the Property, then the City will be deemed to be in default under Lease Agreement.

(c) In addition to the other remedies set forth in the Lease Agreement, upon the occurrence of an event of default, the Authority and its assignee are entitled to proceed to protect and enforce the rights vested in the Authority and its assignee by the Lease Agreement or by law. The provisions of the Lease Agreement and the duties of the City and of its city council, officers or employees are enforceable by the Authority or its assignee by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction. Without limiting the generality of the foregoing, the Authority and its assignee have the right to bring the following actions:

(i) Accounting. By action or suit in equity to require the City and its city council, officers and employees and its assigns to account as the trustee of an express trust.

(ii) Injunction. By action or suit in equity to enjoin any acts or things which may be unlawful or in violation of the rights of the Authority or its assignee.

(iii) Mandamus. By mandamus or other suit, action or proceeding at law or in equity to enforce the Authority's or its assignee's rights against the City (and its city council, officers and employees) and to compel the City to perform and carry out its duties and obligations under the law and its covenants and agreements with the City as provided in the Lease Agreement.

Each and all of the remedies given to the Authority under the Lease Agreement or by any law now or later enacted are cumulative and the single or partial exercise of any right, power or privilege thereunder does not impair the right of the Authority to the further exercise thereof or the exercise of any or all other rights, powers or privileges. The term "re-let" or "re-letting" as used in the Lease Agreement includes, but is not limited to, re-letting by means of the operation by the Authority of the Property. If any statute or rule of law validly limits the remedies given to the Authority under the Lease Agreement, the Authority is nevertheless entitled to whatever remedies are allowable under any statute or rule of law. In the event that the Authority prevails in any action brought to enforce any of the terms and provisions of the Lease Agreement, the City has agreed to pay a reasonable amount as and for attorney's fees incurred by the Authority in attempting to enforce any of the remedies available to the Authority under the Lease Agreement. Notwithstanding anything to the contrary contained in the Lease Agreement, the Authority has no right upon a default under the Lease Agreement by the City to accelerate Rental Payments.

(d) Notwithstanding anything to the contrary contained in the Lease Agreement, the termination thereof by the Authority and its assignees on account of a default by the City thereunder will not effect or result in a termination of the Ground Lease.

(e) Notwithstanding anything to the contrary therein, upon the occurrence and continuance of an Event of Default, so long as any Insured Series 2026 Bonds remain outstanding and the Insurer will not have defaulted under the Policy, the Insurer will be entitled to control and direct the enforcement of all rights and remedies granted to the Owners of the Insured Series 2026 Bonds or the Trustee for the benefit of the Owners of Insured Series 2026 Bonds, including but not limited to notice of any event of default or waver of any event of default. The Insurer will have the exclusive right to deliver its vote or consent with respect to the Insured Series 2026 Bonds in connection with the exercise of any remedies or other matters for which voting or consent is required for under both the Lease Agreement and the Indenture.

Waiver. Failure of the Authority to take advantage of any default on the part of the City will not be, or be construed as, a waiver thereof, nor will any custom or practice which may grow up between the parties in the course of administering the Lease Agreement be construed to waive or to lessen the right of the Authority to insist upon performance by the City of any term, covenant or condition of the Lease Agreement, or to exercise any rights given the Authority on account of such default. A waiver of a particular default will not be deemed to be a waiver of any other default or of the same default subsequently occurring. The acceptance of Rental Payments under the Lease Agreement will not be, or be construed to be, a waiver of any term, covenant or condition thereof.

EMINENT DOMAIN; PREPAYMENT

Eminent Domain. If all of the Property (or portions thereof such that the remainder is not usable for public purposes by the City) is taken under the power of eminent domain, the term thereof will cease as of the day that possession is so taken. If less than all of the Property is taken under the power of eminent domain and the remainder is usable for public purposes by the City at the time of such taking, then the Lease Agreement will continue in full force and effect as to such remainder, and the parties waive the benefits of any law to the contrary, and in such event there will be a partial abatement of the Rental Payments in accordance with the provisions of the Lease Agreement. So long as any Bonds are Outstanding, any award made in eminent domain proceedings for the taking of the Property, or any portion thereof, will be paid to the Trustee and applied to the redemption of Bonds as provided in the Indenture, in the corresponding provisions of any Supplemental Indenture pursuant to which Additional Bonds are issued and in the Indenture. Any such award made after all of the Bonds, and all other amounts due under the Indenture and the Lease Agreement, have been fully paid, will be paid to the Authority and to the City as their respective interests may appear.

Prepayment.

(a) The City may prepay all or a portion of the Base Rental Payments attributable to the Series 2026 Bonds which are payable after May 1, 20__ from any source of available funds, on any date on or after May 1, 20__, by paying a prepayment price equal to (i) all or a portion, as selected by the City, of the principal components of such Base Rental Payments, and (ii) the accrued but unpaid interest component of such Base Rental Payments to be prepaid to the date of such prepayment.

(b) The City may prepay, from any source of available funds, all or any portion of the Base Rental Payments attributable to the Series 2026 Bonds by depositing with the Trustee moneys or securities as provided, and subject to the terms and conditions set forth, in the Indenture sufficient to make such Base Rental Payments when due or to make such Base Rental Payments through a specified date on which the City has a right to prepay such Base Rental Payments pursuant to subsection (a) above, and to prepay such Base Rental Payments on such prepayment date, at a prepayment price determined in accordance with subsection (a) above.

(c) If less than all of the Base Rental Payments attributable to the Series 2026 Bonds are prepaid pursuant to the Lease Agreement then, as of the date of such prepayment pursuant to subsection (a) above, or the date of a deposit pursuant to subsection (b) above, the principal and interest components of such Base Rental Payments will be recalculated by the City and transmitted to the Trustee in order to take such prepayment into account. The City has agreed that if, following a partial prepayment of such Base Rental Payments, the Property is damaged or destroyed or taken by eminent domain, or a defect in title to the Property is discovered, the City is not entitled to, and by such prepayment waives the right of, abatement of such prepaid Base Rental Payments and the City is not entitled to any reimbursement of such Base Rental Payments.

(d) If all of the Base Rental Payments are prepaid in accordance with the provisions of the Lease Agreement then, as of the date of such prepayment pursuant to subsection (a) above and, if applicable, the corresponding provisions of the Lease Agreement relating to the prepayment of Base Rental Payments attributable to Additional Bonds, or deposit pursuant to subsection (b) above and, if applicable, such corresponding provisions, and payment of all other amounts owed under the Lease Agreement, the term of the Lease Agreement will be terminated.

(e) Prepayments of Base Rental Payments attributable to the Series 2026 Bonds made pursuant to the Indenture will be applied to the redemption of the Series 2026 Bonds as directed by the City and as provided in the Indenture.

(f) Before making any prepayment pursuant to the Lease Agreement, the City will give written notice to the Authority and the Trustee specifying the date on which the prepayment will be made (conditionally or otherwise), which date will be not less than 20 nor more than 60 days from the date such notice is given to the Authority.

COVENANTS

Right of Entry. The Authority and its assignees have the right to enter upon and to examine and inspect the Property during reasonable business hours (and in emergencies at all times) for any purpose connected with the Authority's rights or obligations under the Lease Agreement, and for all other lawful purposes.

Liens. In the event that the City will at any time during the term of the Lease Agreement cause any changes, alterations, additions, improvements, or other work to be done or performed or materials to be supplied, in or upon the Property, the City will pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies or equipment furnished or alleged to have been furnished to or for the City in, upon or about the Property and which may be secured by a mechanics', materialmen's or other lien against the Property or the Authority's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, except that, if the City desires to contest any such lien, it may do so as long as such contestment is in good faith. If any such lien is reduced to final judgment and such judgment or such process as may be issued for the enforcement thereof is not promptly stayed, or if so stayed and said stay thereafter expires, the City will forthwith pay and discharge said judgment.

Quiet Enjoyment. The parties to the Lease Agreement have mutually covenanted that the City, by keeping and performing the covenants and agreements therein contained, will at all times during the term of the Lease Agreement peaceably and quietly have, hold and enjoy the Property without suit, trouble or hindrance from the Authority.

Authority Not Liable. The Authority and its directors, officers, agents and employees, are not liable to the City or to any other party whomsoever for any death, injury or damage that may result to any person or property by or from any cause whatsoever in, on or about the Property. To the extent permitted by law, the City will, at its expense, indemnify and hold the Authority and the Trustee and all directors, members, officers and employees thereof harmless against and from any and all claims by or on behalf of any person, firm, corporation or governmental authority arising from the acquisition, construction, occupation, use, operation, maintenance, possession, conduct or management of or from any work done in or about the Property or from the subletting of any part thereof, including any liability for violation of conditions, agreements, restrictions, laws, ordinances, or regulations affecting the Property or the occupancy or use thereof, but excepting the negligence or willful misconduct of the persons or entity seeking indemnity. The City has also covenanted and agreed, at its expense, to pay and indemnify and save the Authority and the Trustee and all directors, officers and employees thereof harmless against and from any and all claims arising from (a) any condition of the Property and the adjoining sidewalks and passageways, (b) any breach or default on the part of the City in the performance of any covenant or agreement to be performed by the City pursuant to the Lease Agreement, (c) any act or negligence of licensees in connection with their use, occupancy or operation of the Property, or (d) any accident, injury or damage whatsoever caused to any person, firm or corporation in or about the Property or upon or under the sidewalks and from and against all costs, reasonable counsel fees, expenses and liabilities incurred in any action or proceeding brought by reason of any claim referred to in the Lease Agreement, but excepting the negligence or willful misconduct of the person or entity seeking indemnity. In the event that any action or proceeding is brought against the Authority or the Trustee or any director, member, officer or employee thereof, by reason of any such claim, the City, upon notice from the Authority or the Trustee or such director, member, officer employee thereof, has covenanted to resist or defend such action or proceeding by counsel reasonably satisfactory to the Authority or the Trustee or such director, member, officer or employee thereof.

Assignment and Subleasing. This Lease Agreement may not be assigned by the City. The Property may not be subleased in whole or in part by the City without the prior written consent of the Authority and the Insurer. Any such sublease shall be subject to all of the following conditions:

(a) the Lease Agreement and the obligation of the City to make all Rental Payments thereunder will remain the primary obligation of the City;

(b) the City will, within 30 days after the delivery thereof, furnish or cause to be furnished to the Authority and the Trustee a true and complete copy of such sublease;

(c) any sublease of the Property by the City will explicitly provide that such sublease is subject to all rights of the Authority under the Lease Agreement, including, the right to re-enter and re-let the Property or terminate the Lease Agreement upon a default by the City; and

(d) the City will furnish the Authority and the Trustee with an Opinion of Counsel to the effect that such sublease will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes.

Title to Property. Upon the termination or expiration of the Lease Agreement (other than under the provisions of the Lease Agreement relating to defaults and remedies and eminent domain), and the first date upon which the Bonds are no longer Outstanding, all right, title and interest in and to the Property will vest in the City. Upon any such termination or expiration, the Authority will execute such conveyances, deeds and other documents as may be necessary to effect such vesting of record.

Authority's Purpose. The Authority has covenanted that, prior to the discharge of the Lease Agreement and the Bonds, it will not engage in any activities inconsistent with the purposes for which the Authority is organized, as set forth in the Joint Powers Agreement.

Representations of the City. The City has represented and warranted to the Authority that (a) the City has the full power and authority to enter into, to execute and to deliver the Lease Agreement and the Indenture, and to perform all of its duties and obligations thereunder, and has duly authorized the execution and delivery of the Lease Agreement and the Indenture, and (b) the Property will be used in the performance of essential governmental functions.

Representation of the Authority. The Authority has represented and warranted to the City that the Authority has the full power and authority to enter into, to execute and to deliver the Lease Agreement, the Assignment Agreement and the Indenture, and to perform all of its duties and obligations thereunder, and has duly authorized the execution and delivery of the Lease Agreement, the Assignment Agreement and the Indenture.

NO CONSEQUENTIAL DAMAGES; USE OF THE PROPERTY; SUBSTITUTION OR RELEASE

No Consequential Damages. In no event will the Authority or the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease Agreement or the City's use of the Property.

Use of the Property. The City will not use, operate or maintain the Property improperly, carelessly, in violation of any applicable law or in a manner contrary to that contemplated by the Lease Agreement. In addition, the City has agreed to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of the Property) with all laws of the jurisdictions in which its operations may extend and any legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Property; provided, however, that the City may contest in good faith the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Authority, adversely affect the estate of the Authority in and to any of the Property or its interest or rights under the Lease Agreement.

Substitution or Release of the Property. The City has the right to substitute alternate real property for any portion of the Property or to release a portion of the Property from the Lease Agreement. All costs and expenses incurred in connection with such substitution or release will be borne by the City. Notwithstanding any substitution or release of Property pursuant to the Lease Agreement, there will be no reduction in or abatement of the Base Rental Payments due from the City thereunder as a result of such substitution or release. Any such substitution or release of any portion of the Property is subject to the following specific conditions, which have been made conditions precedent to such substitution or release:

(a) the City has found (as set forth in a certificate delivered by the City to the Trustee) that the Property, as constituted after such substitution or release (i) has an annual fair rental value at least equal to the maximum Base Rental Payments payable by the City in any Rental Period, and (ii) has a useful life in excess of the final maturity of any Outstanding Bonds;

(b) the City has obtained or caused to be obtained a CLTA or ALTA title insurance policy or policies with respect to any substituted property in the amount at least equal to the aggregate principal amount of any Outstanding Bonds of the type and with the endorsements described in the Lease Agreement;

(c) the City has provided the Trustee with an Opinion of Counsel to the effect that such substitution or release will not, in and of itself, cause the interest on the Bonds to be included in gross income for federal income tax purposes;

(d) the City, the Authority and the Trustee have executed, and the City has caused to be recorded with the Solano County Clerk – Recorder, any document necessary to reconvey to the City the portion of the Property being released and to include any substituted real property in the description of the Property contained in the Lease Agreement and in the Ground Lease;

(e) So long as any Insured Series 2026 Bonds remain outstanding and the Insurer will not have defaulted under the Policy (or any amounts are owed to the Insurer), the City will have obtained the prior written consent of the Insurer;

(f) the City has provided notice of such substitution to each rating agency then rating the Bonds;

(g) no event of default (as described in the Lease Agreement) has occurred and is continuing;

(h) the City will give, or cause to be given, any notice of the occurrence of such substitution required to be given pursuant to the Continuing Disclosure Certificate;

(i) the City will certify to the Trustee that the City has a current need for the substituted real property; and

(j) the City will certify to the Trustee that any substitution will not cause the City to violate any of its covenants, representations and warranties made in the Lease Agreement.

MISCELLANEOUS

Law Governing. THE LEASE AGREEMENT WILL BE GOVERNED EXCLUSIVELY BY THE PROVISIONS OF THE LEASE AGREEMENT AND BY THE LAWS OF THE STATE OF CALIFORNIA AS THE SAME FROM TIME TO TIME EXIST.

Validity and Severability. If for any reason the Lease Agreement is held by a court of competent jurisdiction to be void, voidable or unenforceable by the Authority or by the City, or if for any reason it is held by such a court that any of the covenants and conditions of the City thereunder, including the covenant to pay Rental Payments, is unenforceable for the full term thereof; then and in such event the Lease Agreement is and will be deemed to be a Lease Agreement under which the Rental Payments are to be paid by the City annually in consideration of the right of the City to possess, occupy and use the Property, and all of the terms, provisions and conditions of the Lease Agreement, except to the extent that such terms, provisions and conditions are contrary to or inconsistent with such holding, will remain in full force and effect.

Net-Net-Net Lease. The Lease Agreement will be deemed and construed to be a "net-net-net lease" and the City has agreed that the Rental Payments will be an absolute net return to the Authority, free and clear of any expenses, charges or set-offs whatsoever and notwithstanding any dispute between the City and the Authority.

Taxes. The City will pay or cause to be paid all taxes and assessments of any type or nature charged to the Authority or affecting the Property or the respective interests or estates therein; provided, however, that with respect to special assessments or other governmental charges that may lawfully be paid in installments over a period of years, the City is obligated to pay only such installments as are required to be paid during the term of the Lease Agreement as and when the same become due.

The City or any sublessee may, at the City's or such sublessee's expense and in its name, with notice of the Insurer, in good faith contest any such taxes, assessments, utility and other charges and, in the event of any such contest, may permit the taxes, assessments or other charges so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Authority or the Trustee notifies the City or such sublessee that, in the opinion of independent counsel, by nonpayment of any such items, the interest of the Authority in the Property will be materially endangered or the Property, or any part thereof, will be subject to loss or forfeiture, in which event the City or such sublessee will promptly pay such taxes, assessments or charges or provide the Authority with full security against any loss which may result from nonpayment, in form satisfactory to the Authority, the Insurer and the Trustee, requests the City pay such taxes, assessments or other charges so contested.

Amendments.

(a) The Lease Agreement and the Ground Lease may be amended and the rights and obligations of the Authority, the Insurer and the City thereunder may be amended at any time by an amendment thereto which becomes binding upon execution and delivery by the Authority and the City, but only with the prior written consent of the Owners of a majority of the principal amount of the Bonds then Outstanding pursuant to the Indenture and, so long as the Insured Series 2026 Bonds remain outstanding, with the prior written consent of the Insurer, provided that no such amendment may (i) extend the payment date of any Base Rental Payments, reduce the interest component or principal component of any Base Rental Payments or change the prepayment terms and provisions, without the prior written consent of the Insurer and the Owner of each Bond so affected, or (ii) reduce the percentage of the principal amount of the Bonds the consent of the Owners of which is required for the execution of any amendment of the Lease Agreement or the Ground Lease. For the purpose of this paragraph, the Insurer will be deemed to be the Owner of all Insured Series 2026 Bonds.

(b) The Lease Agreement and the Ground Lease and the rights and obligations of the Authority and the City thereunder may also be amended at any time by an amendment thereto which will become binding upon execution by the Authority and the City, without the written consents of any Owners, but only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the agreements, conditions, covenants and terms required by the Authority or the City to be observed or performed therein other agreements, conditions, covenants and terms thereafter to be observed or performed by the Authority or the City, or to surrender any right or power reserved therein to or conferred therein on the Authority or the City, and which in either case do not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel;

(ii) to make such provisions for the purpose of curing any ambiguity or of correcting, curing or supplementing any defective provision contained therein or in regard to questions arising thereunder which the Authority or the City may deem desirable or necessary and not inconsistent therewith, and which do not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel;

(iii) to make such additions, deletions or modifications as may be necessary or appropriate to assure the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(iv) to provide for the substitution or release of a portion of the Property in accordance with the provisions of the Lease Agreement;

(v) to provide for the issuance of Additional Bonds in accordance with the Indenture; or

(vi) to make such other changes therein or modifications thereto as the Authority or the City may deem desirable or necessary, and which do not materially adversely affect the interests of the Owners, as evidenced by an Opinion of Bond Counsel.

Assignment. The City and the Authority have acknowledged the assignment of the Lease Agreement (except for the Authority's obligations and its rights to give consents or approvals thereunder), and the Base Rental Payments payable thereunder, to the Trustee pursuant to the Assignment Agreement. To the extent that the Lease Agreement confers upon or gives or grants the Trustee any right, remedy or claim under or by reason of the Lease Agreement, the Trustee has been explicitly recognized as being a third-party beneficiary thereunder and may enforce any such right, remedy or claim conferred, given or granted thereunder.

Insurer as Third Party Beneficiary. The Insurer is recognized as and will be deemed to be a third party beneficiary of the Lease Agreement and may enforce the provisions of the Lease Agreement as if it were a party thereto.

Provisions Concerning the Insurer and the Policy.

(a) The City covenants and agrees, to the extent it may lawfully do so, that so long as any of the Insured Series 2026 Bonds remain outstanding and unpaid, the City will not exercise the power of condemnation with respect to the Property. The City further covenants and agrees, to the extent it may lawfully do so, that if for any reason the foregoing covenant is determined to be unenforceable or if the City should fail or refuse to abide by such covenant and condemns the Property, the appraised value of the Property will not be less than the greater of: (i) if the Series 2026 Bonds are then subject to redemption, the principal and interest components of the Series 2026 Bonds outstanding through the date of their redemption; or (ii) if the Series 2026 Bonds are not then subject to redemption, the amount necessary to defease the Series 2026 Bonds to the first available redemption date in accordance with the Indenture.

(b) The City and Authority does not have the right to terminate the Lease Agreement or the Ground Lease for default by the respective counterparties.

(c) So long as any Insured Series 2026 Bonds remain outstanding and the Insurer shall not have defaulted under the Policy, the City agrees to pay, or reimburse the Insurer, as Additional Payments for the use and occupancy of the Property (subject to the provisions of the Lease Agreement), any and all charges, fees, costs and expenses that the Insurer may reasonably pay or incur in connection with: (i) the administration, enforcement, defense or preservation of any rights or security in any of the Related Documents; (ii) the pursuit of any remedies under any Related Document or otherwise afforded by law or equity; (iii) any amendment, waiver or other action with respect to, or related to any Related Document whether or not executed or completed; or (iv) any litigation or other dispute in connection with any other Related Document or the transactions contemplated thereby, other than costs resulting from the failure of the Insurer to honor its obligations under the Policy. The Insurer reserves the right to charge a reasonable fee as a condition to executing any amendment, waiver or consent proposed in respect of any Related Document.

APPENDIX C

AUDITED FINANCIAL STATEMENTS OF THE CITY FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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CITY OF DIXON
CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2025

CITY OF DIXON, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
AS OF JUNE 30, 2025

Prepared by:
FINANCE DEPARTMENT

CITY OF DIXON
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
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CITY OF DIXON
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FOR THE YEAR ENDED JUNE 30, 2025

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INTRODUCTORY SECTION

December 17, 2025

The Honorable Mayor, Members of the City Council
And Citizens of the City of Dixon, California

Financing covenants and State law requires all general-purpose local governments publish, within six months of the close of the fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to the requirements, we hereby issue the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025.

Management assumes responsibility for the reliability, completeness of data accuracy and presentation fairness, including all footnotes and disclosures. To the best of our knowledge, the enclosed data is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and operation results of the various funds of the City. City Management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft or misuse, and to compile sufficient, reliable information for the financial statement preparation and conformance with GAAP. Because the costs of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable assurance that the financial statements are free of any material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

MUN CPAs, the Certified Public Accounting firm selected by the City Council to perform the audit of the financial statements for the fiscal year ended June 30, 2025, has audited the City's financial statements. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. The independent auditor has issued an unmodified opinion that the City of Dixon's financial statements for the year ended June 30, 2025 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of the report.

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

PROFILE OF THE GOVERNMENT

The City of Dixon is located in Northern California in Solano County, 20 miles southwest of Sacramento and 65 miles northeast of San Francisco. The City of Dixon is a general law city incorporated in 1878. The City was originally developed as the commercial and service center for the surrounding agricultural area and was known as "Dicksonville", after a prosperous rancher, named Thomas Dickson, donated a portion of land to create a railroad depot. When the first consignment of goods arrived by rail, the address mistakenly read

"Dixon" which ultimately became the City's name. The population as of June 2025 is 22,004 in a 7.1 square mile area.

The City operates under a Council-Manager form of government. The City Council consists of the Mayor, elected at-large and four Council members, elected to serve four-year overlapping terms based on districts. The position of Vice Mayor is required in the Dixon Municipal Code and is chosen by the Council Members from the elected Council Members. The Mayor serves as the City Council's presiding officer. While not a component unit of the City, Council Members do serve as the governing body of the Successor Agency to the Dixon Redevelopment Agency. The City Treasurer and Elected City Clerk are also elected to serve a four-year term.

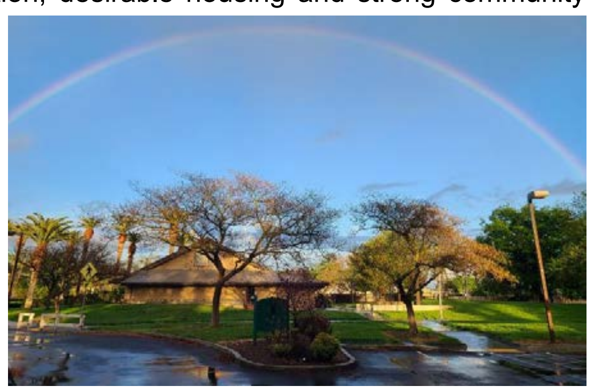
The City Council serves as the legislative body of the City as the policy board for the municipality. City Council responsibilities include passing ordinances, adopting the budget, and setting priorities for the government. In addition to appointing the City Manager, the City Council also appoints the City Attorney. The City Manager has the responsibility to provide support and advice to the City Council, overseeing day-to-day operations of the City, fostering community partnerships and interagency collaboration and appointing Department Heads, with ratification by the City Council. Dixon provides municipal services that include police and fire protection, sewer and water services, street and infrastructure maintenance, transit services, planning and zoning, recreational activities, and general administrative/support services.

The City Council is required to adopt an annual balanced budget by June 30th each year. The annual budget is adopted by resolution and serves as the foundation for the City's financial planning and control. Activities of the general fund and all other funds are included in the annual appropriated budget. All departments participate through a series of meetings, submitting appropriation requests for consideration, culminating with presentation to the City Council at a budget study session. This study session provides an opportunity for public input to be heard. The City Council may amend the budget by majority vote, at any time after adoption. The City Manager is authorized to transfer budgeted amounts between an object or purpose within any department. Revisions that alter the total expenditures of any department must be approved by the City Council.

FACTORS AFFECTING FINANCIAL CONDITION

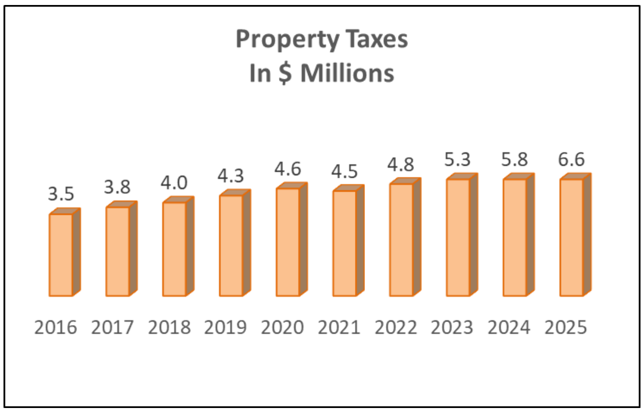
The information presented in the financial statements is perhaps better understood when considered from the broader perspective of the economic environment within which the City operates.

Dixon offers a unique combination of an outstanding location, desirable housing and strong community values. Dixon can be characterized as a progressive city that seeks excellent development with a desire to maintain and enhance "quality of life" characteristics that are part of its history and agricultural heritage. Dixon's proximity to Davis, Sacramento and San Francisco, affords the community with wide array of employment opportunities in areas such as government, technology, health care, and manufacturing. In fact, the top employment industries in Dixon are educational services, retail trade and health care. Within 25 miles, there is a skilled and diverse workforce of 329,707 and there is an estimated population of 459,142 within Solano County. World Population Review reports that the median household income in California is $96,334, with Solano County at $99,994, while Dixon's median household income is $98,798. The home ownership rate is reported as 59%.

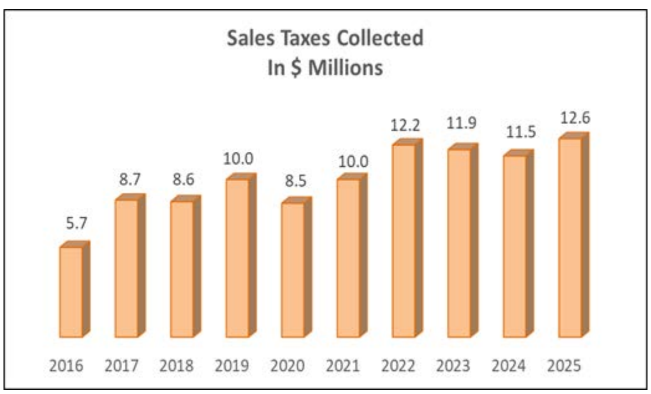


Solano County's unemployment rate increased to 5.6% as of June 2025. In Dixon, the unemployment rate decreased to a rate of 3.3%. There are approximately 205,000 jobs in the county, with 1.1% farm related and 98.9% non-farm related jobs. Sheep farming, an integral part of the County and Dixon, designates Solano County as one of the top sheep and lamb producing counties in California. Superior Packing, North America's largest lamb marketer/processor, operates and remains one of the largest employers in Dixon.

Dixon is one of four cities in the County with a higher cost of living attributable to housing prices. Strong home prices and continued interest by builders of new single-family residential homes resulted in positive economic expansion. Home sales throughout the state remained robust but experienced a slight decline in median prices. The median single-family home price in Dixon as of June 2025 declined to $600,000. By comparison, Solano County's median single-family home price decreased to $570,000.



Property tax revenues increased during FY 24-25 due to the completion of new construction units, as well as an increase in supplemental taxes. Revenues from the homeowner's exemption and unsecured taxes were consistent with the previous year. Property taxes represent the second highest revenue source for the General Fund. City-wide property values in the City of Dixon increased approximately $310 million to $3.48 billion or a 11.9% increase over the prior year.



Sales tax revenues represent the City's top General Fund revenue source. The increase from $11.5 million to $12.6 million results from the new 1% sales tax revenue that was effective in April 2025. Without this additional revenue, there would have been a slight decline in sales tax receipts. The top 25 sales tax producers represent 89% of sales tax revenue received. Dixon's per capita sales remain the highest in Solano County and exceed both the Bay Area and the State of California.

Long-term Financial Planning

The City's proximity to two major metropolitan areas provides a variety of opportunities and resources. Additionally, this proximity also generates some challenges, particularly in competing for limited resources, such as personnel. The new 1% sales tax approved by the voters was effective in April 2025. The additional sales tax revenue has allowed the City to maintain existing staffing levels as well as to continue efforts to provide competitive salaries for personnel, specifically in public safety.

The City has a number of formal fiscal policies that have been adopted by resolution including the Budget Policy, Investment Policy, Purchasing Policy, Debt Policy and a Fixed Assets Capitalization, Inventory and Control and Replacement Policy. The City follows the fund reserve policy recommendation set by the Council for the General Fund at a minimum level of 25% operating reserve. Appropriate fund balance reserves help provide for unforeseen economic uncertainties.

Major Initiatives

Capital Improvements and City Infrastructure
The City faces continued challenges of maintaining its infrastructure and aging City buildings. The Council adopts a 5-year Capital Improvement Program (CIP) each June. The City has been working on designs for the Police Station expansion and an additional Fire Station. Construction on these two projects is expected to begin in late FY 2026 and early FY 2027.

Water Operations
New water rates, as recommended to the City Council by the Water Rate Committee, went into effect in July 2024. The increased revenue will allow the City to begin making progress on capital improvements that are needed to maintain a safe and reliable potable water system.

Other Post-Employment Benefits (OPEB)
The City has been funding OPEB on a "pay-as-you-go basis", and has accrued a $3.4 million liability, based upon the most recent actuarial study. This liability is shared with $2.9 million belonging to the General Fund and $0.5 million belonging to the business-type activities funds. In FY 2015-16, the City established new reserve funds to begin setting aside financial resources toward this liability. As of fiscal year-end 2025, $2.4 million has been accumulated in the OPEB General Fund Reserve Fund. Sufficient reserves have been set-aside in OPEB funds for each of the enterprise operations to largely fund these obligations as of June 30, 2025.

Internal Controls

The management of the City is responsible for establishing and maintaining an internal control structure to ensure that the assets of the City are protected from loss, theft or misuse, and to ensure that adequate accounting data is compiled for financial statement preparation, in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control structure should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal, state and local financial assistance, the government is also responsible for ensuring that adequate internal controls are in place to document compliance with applicable laws and regulations associated with these programs. These internal controls are subject to periodic evaluation by Management and the Finance staff of the City.

SINGLE AUDIT REPORT

In accordance with the Single Audit Act, the City's grant programs that utilize federal funds either directly or passed through from State agencies, are subject to the audit requirements prescribed by the Federal Office of Management and Budget (OMB) Uniform Guidance. This includes compliance tests with federal laws and regulations. MUN CPAs prepares a separate Single Audit Report.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United State and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Dixon for its ACFR for the fiscal year ended June 30, 2024. The Certificate of Achievement is a national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to receive this award, the City published an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We believe this FY 2024-25 ACFR continues to conform to the Certificate of Achievement program requirements, and we will submit it to GFOA to determine eligibility for another certificate.

The preparation of this ACFR would not be possible without the dedicated efforts of the Finance Team. The cooperation of staff in all City departments in administration of financial policies throughout the year is also appreciated. The Mayor and City Council warrant special recognition for their continued support, leadership and high expectations for professionalism in overseeing the City of Dixon's financial affairs.

Respectfully submitted,

Jim Lindley	Kate Zawadzki
City Manager	Finance Director

City of Dixon
2025 Organizational Chart

City of Dixon Voters

- Kristin Janisch, Elected City Clerk
- Simon A. LeBleu, City Treasurer

Mayor Steve Bird
Councilmembers:
Thom Bogue
Jim Ernest
Don Hendershot
Kevin Johnson

- Planning Commission
- Doug White, City Attorney (Contract)
- Parks & Recreation Commission
- Transportation Advisory Commission

Jim Lindley, City Manager

- Administrative City Clerk's Office
- Information Technology
- Public Information Office
- Economic Development
- Grants Management

Raffi Boloyan, Community Development Director
- Planning
- Building Inspection
- Permit Assistance

Kate Zawadzki, Finance Director
- Accounts Payable
- Revenue
- Payroll
- Utilities
- Cash & Investments
- Accounting & Compliance
- Debt Management
- Budget

Rachel Ancheta, Human Resources Director
- Classification
- Compensation
- Recruitment
- Benefits
- Training
- Labor Relations
- Insurance

Randy Shafer, Acting Fire Chief
- Prevention
- Operations
- Training
- Volunteers
- Investigations
- Education
- Disaster Preparedness

Louren Kotow, Public Works Director
- Parks & Building Maintenance
- Streets Maintenance
- Lighting & Landscape Districts
- Recreation
- Teen Sports
- Senior Multi-Use Center
- Transit

Chris Fong, City Engineer/ Utilities Director
- Capital Improvements
- Traffic Engineering
- Inspection & Plan Checking
- Storm Drain
- Wastewater
- Water

Robert Thompson, Police Chief
- Patrol
- Investigations
- Reserves
- Volunteers
- Training
- Records
- Code Compliance

ELECTED OFFICIALS

Steve Bird, Mayor

Thom Bogue, Vice Mayor

Jim Ernest, Councilmember

Don Hendershot, Councilmember

Kevin Johnson, Councilmember

Simon A. LeBleu, City Treasurer

Kristin Janisch, Elected City Clerk

EXECUTIVE STAFF

Jim Lindley, City Manager
Chris Fong, City Engineer/Utilities Director
Raffi Boloyan, Community Development Director
Kate Zawadzki, Finance Director
Randy Shafer, Acting Fire Chief
Rachel Ancheta, Human Resources Director
Robert Thompson, Police Chief
Louren Kotow, Public Works Director
Douglas White, City Attorney (White Brenner LLP)

CITY WEBSITE ADDRESS

www.cityofdixonca.gov

Get City updates by following us on social media:

https://www.facebook.com/CityofDixonCA/

https://www.instagram.com/cityofdixonca/

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Dixon
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the City Council of
the City of Dixon
Dixon, California

Report on the Audit of the Financial Statements

Opinions

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 Dixon (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Notes 1 and 16 to the financial statements, in 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis, budgetary comparison information, pension related schedules, and the other post employment benefits (OPEB) related schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

MUN CPAs, LLP

Sacramento, California
December 17, 2025

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

This section of the City of Dixon California's (the City) Annual Comprehensive Financial Report presents a narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR THE FISCAL YEAR 2024-25

Government-wide

- The City's total net position at June 30, 2025 totaled $281,788,980 an increase of $9,639,388.
- Government-wide revenues totaled $60,398,388, including program revenues of $23,286,366 and general revenues of $37,112,022, a decrease of $10,210,328 from the prior year's $70,608,716.
- Government-wide expenses were $50,523,944, an increase of $5,250,920 from the prior year's $45,273,024.
- Net position increased by $6,982,432 in governmental activities and $2,656,956 in business-type activities.
- Governmental program revenues decreased to $13,642,264 from the prior year's $27,884,047.
- Governmental program expenses increased to $40,622,646, up $4,110,785 from the prior year's $36,511,861.
- Business-type activities program revenues increased to $9,644,102, up $807,689 from the prior year balance of $8,836,413.
- Business-type activities expenses increased to $9,901,298, up $1,140,135, up from $8,761,163 from the prior year.

Fund Level

- Governmental fund balances increased to $99,609,431 from the prior year's $88,837,184.
- Governmental fund revenues decreased to $46,232,399, down $8,229,101 from the prior year's $54,461,500.
- Governmental fund expenditures increased to $36,052,916, up $2,448,763 from the prior year's $33,604,153.
- General fund revenues of $34,453,390 represented an increase of $2,315,781 from prior year's $32,137,609.
- General fund balance increased to $28,235,918 at June 30, 2025, up from prior year's $27,008,486.

OVERVIEW OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT

The financial section of this report consists of four parts:

1. Independent Auditor's Report;
2. Management's Discussion and Analysis (this section);
3. Basic financial Statements, which include:
    a. Government-Wide Financial Statements;
    b. Fund Financial Statements;
    c. Notes to the Financial Statements; and
4. Combining and Individual Fund Financial Statements and Schedules.

The basic financial statements include two kinds of statements, which present different views of the City.

Government-Wide Financial Statements

The government-wide financial statements consist of a Statement of Net Position and a Statement of Activities. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position (page 17) presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the City's financial improvement or deterioration.

The Statement of Activities (page 18) presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue - "governmental activities" from other functions that are intended to recover all or a significant portion of their costs through user fees and charges - "business-type activities." The governmental activities of the City include general government, public protection, public works, community development, and parks and recreation. The business-type activities of the City include sewer, water and the transit system.

The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Dixon Public Improvement Corporation and the Dixon Public Financing Authority. The City Council serves as the governing body of each of these component units and the City is financially accountable for them, resulting in their financial information being included in the City's Annual Comprehensive Financial Report on a blended basis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds used by the City are divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike those statements, the focus in these statements is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information is useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental fund financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several individual funds, which for financial reporting, are grouped according to their type (general fund, special revenue, debt service, and capital projects). The City Council (or agency board for the Dixon Public Financing Authority, Public Improvement Corporation, the Dixon Fire Protection District, or the Successor Agency of the City of Dixon) adopts an annual appropriated budget for each fund within the City.

Funds whose expenditures exceed 10% of the total expenditures for all governmental funds, or meet other specific criteria for determining their importance to the financial statement user, are designated as Major Funds, and are reported separately in the governmental fund financial statements. All other funds are grouped together for reporting purposes. Major funds for the City are the General Fund, Housing Successor, Recreation Improvements, and Transportation.

Individual fund data for each non-major governmental fund is provided in combining statements included in the Supplementary Information section of this report.

For the governmental fund financial statements, the following funds were reported as major funds in the prior fiscal year and continue to be reported as major funds:

- The Housing Successor Agency fund is a special revenue fund, which has been established as a result of the State of California passage of AB X126 to dissolve Redevelopment Agencies in California. The City elected with Resolution 12-018 to retain the former Redevelopment Agency (RDA) non-cash housing assets and functions previously performed by the RDA. This fund will make long-term, low interest loans to first time homebuyers and for homeowner rehabilitation projects for citizens of the City who meet income criteria.
- The Recreation Improvements fund is a capital projects fund.
- The Transportation fund is a capital projects fund.

The American Rescue Plan Act 2021 fund is a special revenue fund, which was established to track revenues and expenses related to the American Rescue Plan Act grant. This fund was reported as a major fund in the prior fiscal year, however, did not meet the criteria for reporting as a major fund in the current year and is classified as a non-major special revenue fund in the current year.

A budgetary comparison schedule has been provided in the financial statements, which reflects both original and final budgets for the general fund and major special revenue funds.

Proprietary funds

Proprietary funds are generally used to account for services for which the City charges customers - either outside customers, or internal departments within the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City has maintained one type of proprietary fund - enterprise funds - as described below:

- Enterprise funds are used to report the same functions as presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for sewer, water, and transit.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the reporting 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’s own programs. The City utilizes two types of fiduciary funds:

- Private-purpose trust funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.
- Custodial funds are used to record assets of separate organizations for which the City serves as a custodian.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow the basic financial statements.

Required Supplementary Information

This report presents required supplementary information concerning the City’s progress in its obligation to provide pension and other post-employment benefits to its employees, and budgetary comparison information for the City's general fund and major special revenue funds.

Combining and Individual Fund Statements and Schedules

This section of the report includes combining information for the City's non-major funds, fiduciary funds, and general funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This section provides a comparison and review of governmental and business-type activities for two fiscal years. In addition, an analysis of the current fiscal year net position and changes in net position is provided.

Statements of Net Position
As of June 30, 2025 and 2024
(in thousands)

	Governmental Activities			Business-Type Activities			Total Government		
	2025	2024	Net Change	2025	2024	Net Change	2025	2024	Net Change
ASSETS									
Current and other assets	$ 105,011	$ 94,555	$ 10,456	$ 45,816	$ 42,455	$ 3,361	$ 150,827	$ 137,010	$ 13,817
Capital assets	119,514	121,407	(1,893)	65,795	67,614	(1,819)	185,309	189,021	(3,712)
Total Assets	224,525	215,962	8,563	111,611	110,069	1,542	336,136	326,031	10,105
DEFERRED OUTFLOWS OF RESOURCES	8,268	10,949	(2,681)	1,299	1,641	(342)	9,567	12,590	(3,023)
LIABILITIES									
Current and other liabilities	5,354	4,739	615	2,473	938	1,535	7,827	5,677	2,150
Long-term liabilities	30,638	31,288	(650)	21,773	24,586	(2,813)	52,411	55,874	(3,463)
Total Liabilities	35,992	36,027	(35)	24,246	25,524	(1,278)	60,238	61,551	(1,313)
DEFERRED INFLOWS OF RESOURCES	3,176	4,242	(1,066)	500	679	(179)	3,676	4,921	(1,245)
NET POSITION									
Net investment in capital assets	116,026	118,938	(2,912)	47,240	47,804	(564)	163,266	166,742	(3,476)
Restricted	70,016	58,167	11,849	240	348	(108)	70,256	58,515	11,741
Unrestricted	7,583	9,537	(1,954)	40,684	37,355	3,329	48,267	46,892	1,375
Total Net Position	$ 193,625	$ 186,642	$ 6,983	$ 88,164	$ 85,507	$ 2,657	$ 281,789	$ 272,149	$ 9,640

Analysis of Net Position

With the consolidation of government-wide net position into one statement and other changes such as the exclusion of fiduciary funds, net position may now serve as a useful indicator of a government's financial position. For the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at June 30, 2025 and 2024 by $281.8 million and $272.1 million, respectively. The City reported positive balances in all categories of net position. The primary components of the City's net position include:

- $163.3 million and $166.7 million (58% and 61%) at June 30, 2025 and 2024, respectively, in net capital assets (e.g., infrastructure, land, buildings, other improvements, construction in progress and equipment), less any outstanding debt used to acquire those assets. The City uses these capital assets to provide services to the community; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The decrease in net capital assets is related to annual depreciation of the assets.
- $70.3 million and $58.5 million (25% and 22%) at June 30, 2025 and 2024, respectively, in net position represent resources that are subject to external restrictions on how they may be used. The increase of $11.7 million is from development impact fees collected during the ongoing robust housing development in the City. Restricted governmental net position is comprised of special revenue programs and development impact fees.

- The remaining net position was $48.3 million and $46.9 million at June 30, 2025 and 2024, respectively. Generally, the unrestricted net position is used to meet the government's ongoing obligations to citizens and creditors. The increase of $1.4 million was generated by the collection of additional Sales Tax revenue generated with the passing of Measure J, also known as Keep Dixon, Dixon Measure. Measure J established a 1% sales tax effective April 1, 2025, which increased the city's sales tax rate from 7.375% to 8.375%.

Changes in Net Position
For the Years Ended June 30, 2025 and 2024
(in thousands)

	Governmental Activities			Business-Type Activities			Total Government		
	2025	2024	Net Change	2025	2024	Net Change	2025	2024	Net Change
REVENUES									
Program revenues									
Charges for services	$ 8,408	$ 19,272	$ (10,864)	$ 8,457	$ 7,556	$ 901	$ 16,865	$ 26,828	$ (9,963)
Operating grants and contributions	1,044	6,508	(5,464)	1,187	611	576	2,231	7,119	(4,888)
Capital grants and contributions	4,190	2,105	2,085	-	669	(669)	4,190	2,774	1,416
General revenues									
Taxes	23,574	19,036	4,538	-	-	-	23,574	19,036	4,538
Investment income	5,540	4,238	1,302	2,182	1,636	546	7,722	5,874	1,848
Rents and leases	-	-	-	-	-	-	-	-	-
Other revenue	4,256	3,303	953	1,560	5,675	(4,115)	5,816	8,978	(3,162)
Transfers	828	767	61	(828)	(767)	(61)	-	-	-
Total Revenues	47,840	55,229	(7,389)	12,558	15,380	(2,822)	60,398	70,609	(10,211)
EXPENSES									
Governmental activities									
General government	9,017	5,621	3,396	-	-	-	9,017	5,621	3,396
Public safety	17,267	16,564	703	-	-	-	17,267	16,564	703
Public works	9,191	6,915	2,276	-	-	-	9,191	6,915	2,276
Community development	4,150	3,184	966	-	-	-	4,150	3,184	966
Parks and recreation	913	4,176	(3,263)	-	-	-	913	4,176	(3,263)
Interest and fiscal charges	84	52	32	-	-	-	84	52	32
Sewer	-	-	-	5,649	4,819	830	5,649	4,819	830
Transit	-	-	-	1,154	2,856	(1,702)	1,154	2,856	(1,702)
Water	-	-	-	3,098	1,086	2,012	3,098	1,086	2,012
Total Expenses	40,622	36,512	4,110	9,901	8,761	1,140	50,523	45,273	5,250
Change in net position	7,218	18,717	(11,499)	2,657	6,619	(3,962)	9,875	25,336	(15,461)
Net position - beginning of year	186,643	167,926	18,717	85,507	78,785	6,722	272,150	246,711	25,439
Restatement	(235)	-	(235)	-	103	(103)	(235)	103	(338)
Net position - beginning of year, restated	186,408	167,926	18,482	85,507	78,888	6,619	271,915	246,814	25,101
Net position - end of year	$193,626	$186,643	$ 6,983	$ 88,164	$ 85,507	$ 2,657	$281,790	$272,150	$ 9,640

Governmental Activities

Governmental activities increased the City's net position by $7.0 million for the year ending June 30, 2025. As the table above shows, revenues decreased $7.4 million while expenses increased $4.1 million over the prior year. The majority of the revenue decrease is due to a decrease in development fees in the capital improvement funds due to nearing completion of the Homestead residential development. The majority of the increase in expenses is due to increased salary and benefits which can be attributed to filling vacant positions as well as an increase in the required contribution for retirement benefits.

The following table shows the total cost of each of the City's programs and the net cost of the programs for the fiscal years ending June 30, 2025 and 2024. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial budget that was placed on the City's taxpayers by each of the programs.

Cost of Service by Program
Governmental Activities
For the Years Ended June 30, 2025 and 2024
(in thousands)

	2025		2024	
	Total	Net	Total	Net
Program				
General government	$ 9,017	$ (6,660)	$ 5,673	$ (1,928)
Public safety	17,267	(14,915)	16,564	(13,436)
Public works	9,191	(4,347)	6,915	6,735
Community development	4,150	(1,781)	3,184	(2,142)
Parks and recreation	913	807	4,176	2,143
Interest and fiscal charges	84	(84)	-	-
Total	$ 40,622	$ (26,980)	$ 36,512	$ (8,628)

General government, public safety, public works, and community development expenses increased due to a change in reporting practice of governmental funds by expenditure function between public works and parks and recreation, as well as salaries and benefits, due to filling vacant position. Parks and recreation expenses decreased due to a change in reporting practice of governmental funds by expenditure function between public works and parks and recreation.

Revenues by Source
Governmental Activities
For the Years Ended June 30, 2025 and 2024
(in thousands)

	2025		2024	
	Amount	% of Total	Amount	% of Total
Revenues:				
Program Revenues:				
Charges for services	$ 8,408	17.7 %	$ 19,272	34.8 %
Operating grants and contributions	1,044	2.2 %	6,508	11.8 %
Capital grants and contributions	4,190	8.8 %	2,105	3.8 %
General Revenues:				
Property taxes	6,767	14.1 %	5,897	10.7 %
Sales taxes	12,743	26.6 %	11,639	21.1 %
Transient occupancy taxes	358	0.7 %	441	0.8 %
Franchise taxes	953	2.0 %	901	1.6 %
Business license taxes	161	0.3 %	158	0.3 %
Motor vehicle in lieu - unrestricted	2,592	5.4 %	3,303	6.0 %
Investment income	5,540	11.6 %	4,238	7.7 %
Other revenues	4,256	8.9 %	-	- %
Transfers	828	1.7 %	767	1.4 %
Total Revenues	$ 47,840	100.0 %	$ 55,229	100.0 %

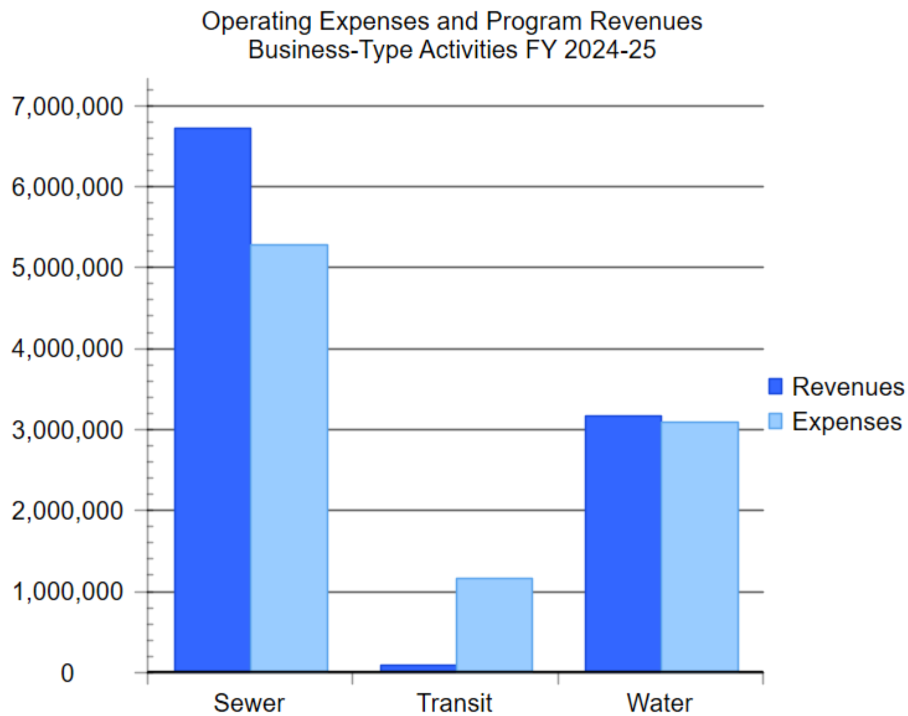
General operations throughout the City are subsidized by general revenue. For each year, program revenues generated by development related programs show the funds being collected and set aside for infrastructure projects necessary to meet the needs of growth. Fees are collected under California Government Code Section 66000, et seq. among other laws to provide for infrastructure to meet the needs of new development. In this program, funds are collected over a number of years to be used for capital projects or debt service directly related to growth. As the projects are completed, the City's infrastructure value grows.

Changes in revenues noted in the table above are primarily attributed to a decrease in development fees related to recreation and park and transit capital improvement projects due to nearing completion of the Homestead residential development.

Business-Type Activities

Net position for business-type activities increased by $2.7 million to $88.2 million during the year ending June 30, 2025. Business-type activities are intended to match program expenses and revenues as well as to collect fees and develop the infrastructure needed to expand and to maintain the respective systems. The collection of fees for expansion and the construction of capital projects does, on occasion, cause the balance between revenue and expense to vary.

The following is a comparison of expenses and program revenues by source for the business-type activities for the fiscal year ending June 30, 2025.



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to segregate accounts for specific activities or objectives, including demonstrating finance related legal compliance.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2025, the City's governmental funds reported combined fund balances of $99.6 million, an increase of $10.8 million from the prior year. Of the total fund balance, $1.0 million is nonspendable, $70.0 million is restricted, $1.7 million is committed to encumbrances, $4.8 million is assigned to various purposes, and $22.0 million is unassigned. The increase of $10.8 million is mainly due to an additional $1.3 million in sales tax, $1.9 million in planning agreements, $1.8 million in property tax and use of money.

CITY OF DIXON
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

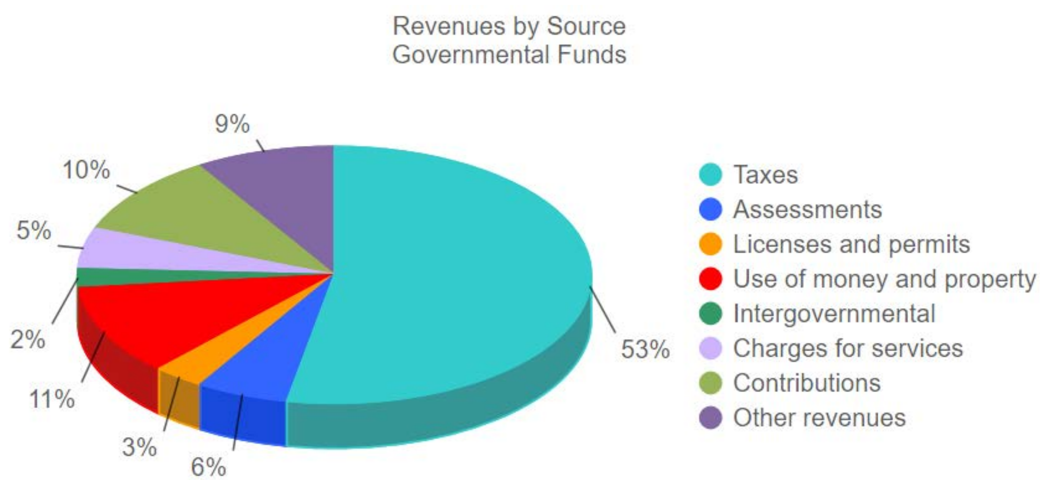
The table below presents the amount of revenues from various sources for the current and prior fiscal year.

Revenues Classified by Source
Governmental Funds
For the Years Ended June 30, 2025 and 2024

	2025		2024			
	Amount	**% of Total**	**Amount**	**% of Total**	**Variance**	**% Change**
Taxes	$ 24,469,083	53.0 %	$ 22,339,325	41.0 %	$ 2,129,758	9.5 %
Assessments	2,664,342	5.8 %	1,135,491	2.1 %	1,528,851	134.6 %
Fines and forfeitures	21,177	- %	17,772	- %	3,405	19.2 %
Licenses and permits	1,486,993	3.2 %	1,289,964	2.4 %	197,029	15.3 %
Use of money and property	5,276,602	11.4 %	4,238,128	7.8 %	1,038,474	24.5 %
Intergovernmental	1,103,409	2.4 %	2,406,785	4.4 %	(1,303,376)	(54.2)%
Charges for services	2,384,135	5.2 %	5,348,101	9.8 %	(2,963,966)	(55.4)%
Contributions	4,736,319	10.2 %	16,164,889	29.7 %	(11,428,570)	(70.7)%
Other revenues	4,090,339	8.8 %	1,521,045	2.8 %	2,569,294	168.9 %
	$ 46,232,399	100.0 %	$ 54,461,500	100.0 %	$ (8,229,101)	(15.1)%

Key elements of the changes include:

- Taxes increased by $2,129,758, primarily due to increased collection of property tax due to new housing units and the additional 1% sales tax collected with the passing of Measure J.
- Charges for services decreased by $2,963,966 due to a change in accounting practices recognizing fee revenue in other revenues.
- Contributions decreased by $11,428,570 due to decreased collection of development impact fees.
- Other revenues increased by $2,569,294 due to a change in accounting practices this revenue was previously recognized as charges for services.



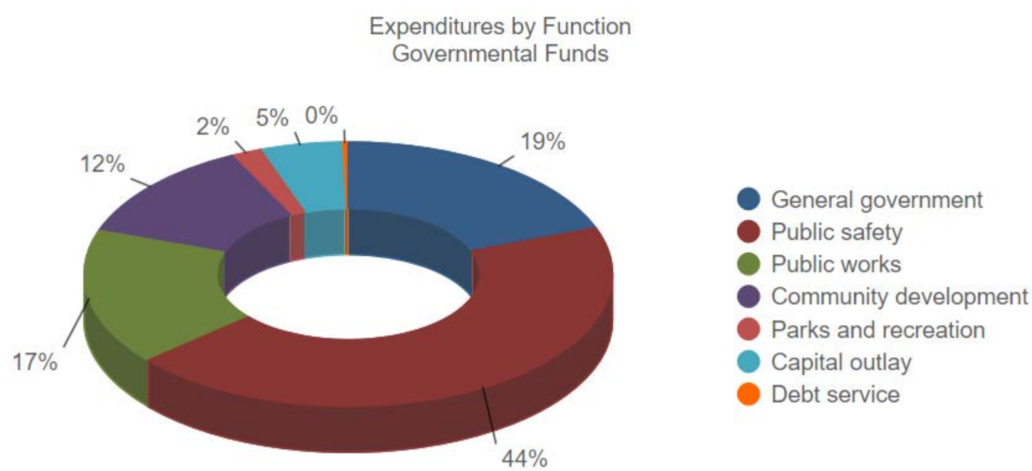
The following table presents expenditures by function compared to the prior year.

Expenditures by Function
Governmental Funds
For the Years Ended June 30, 2025 and 2024

	2025		2024			
	Amount	% of Total	Amount	% of Total	Variance	% Change
General government	$ 6,968,984	19.3 %	$ 5,880,764	17.4 %	$ 1,088,220	18.5 %
Public safety	15,977,550	44.3 %	14,954,312	44.5 %	1,023,238	6.8 %
Public works	6,013,626	16.7 %	3,892,081	11.6 %	2,121,545	54.5 %
Community development	4,467,468	12.4 %	3,119,196	9.3 %	1,348,272	43.2 %
Parks and recreation	668,393	1.9 %	3,212,939	9.6 %	(2,544,546)	(79.2)%
Capital outlay	1,797,361	5.0 %	1,980,886	5.9 %	(183,525)	(9.3)%
Debt service: principal	111,708	0.3 %	511,613	1.5 %	(399,905)	(78.2)%
Debt service: interest	47,826	0.1 %	52,362	0.2 %	(4,536)	(8.7)%
	$ 36,052,916	100.0 %	$ 33,604,153	100.0 %	$ 2,448,763	7.3 %

Key elements of the changes include:

- Public Safety expenditures increased by $1 million due to increased salary and benefits and the previous year total represents significant position vacancies that were filled in the current year.
- Public Works expenditures increased by $2.1 million due to a change in reporting practice of governmental funds by expenditure function.
- Parks and recreation expenditures decreased by $2.5 million primarily due to a change in reporting practice of governmental funds by function.



General Fund

The General Fund is the main operating fund of the City, and accounts for general operations including public safety, public works, community development, parks and recreation and administration. The General Fund experienced an overall increase in total revenues of $2,315,781 or 7.2%. This increase can be attributed primarily to an increase in taxes from the new sales tax Measure J and other revenues along with a decrease in charges for services due to lower development permitting activity. The General Fund experienced an overall increase in expenditures of $3,142,587 or 10.3%. This increase can be attributed primarily to an increase in Public Safety salaries and benefits from the filling of vacant positions.

At June 30, 2025, the General Fund fund balance was $28,235,918 which is an increase of $1,227,432 over the prior year. As a measure of the General Fund's ability to meet operating expenditures, it is useful to note that unassigned fund balance represents approximately 1.5% of total General Fund expenditures.

The following table presents the amount of revenue from various sources within the General fund:

Table 5
General Fund Revenues by Source
For the Years Ended June 30, 2025 and 2024
(in thousands)

	2025		2024			
	Amount	**% of Total**	**Amount**	**% of Total**	**Variance**	**% Change**
Taxes	$ 23,391,115	67.9 %	$ 21,331,596	66.4 %	$ 2,059,519	9.7 %
Assessments	1,409,308	4.1 %	1,135,491	3.5 %	273,817	24.1 %
Licenses and permits	1,486,993	4.3 %	1,289,964	4.0 %	197,029	15.3 %
Use of money and property	1,455,252	4.2 %	1,302,658	4.1 %	152,594	11.7 %
Intergovernmental	453,396	1.3 %	648,105	2.0 %	(194,709)	(30.0)%
Charges for services	2,378,883	6.9 %	4,177,085	13.0 %	(1,798,202)	(43.0)%
Contributions	362,887	1.1 %	748,711	2.3 %	(385,824)	(51.5)%
Other revenues	3,515,556	10.2 %	1,503,999	4.7 %	2,011,557	133.7 %
	$ 34,453,390	100.0 %	$ 32,137,609	100.0 %	$ 2,315,781	7.2 %

Table 6
General Fund Expenditures by Function
For the Years Ended June 30, 2025 and 2024
(in thousands)

	2025		2024			
	Amount	**% of Total**	**Amount**	**% of Total**	**Variance**	**% Change**
General government	$ 6,968,984	20.8 %	$ 5,823,616	19.1 %	$ 1,145,368	19.7 %
Public safety	15,870,451	47.3 %	14,825,410	48.8 %	1,045,041	7.0 %
Public works	4,989,841	14.9 %	2,472,648	8.1 %	2,517,193	101.8 %
Community development	4,447,056	13.3 %	2,908,396	9.6 %	1,538,660	52.9 %
Parks and recreation	668,041	2.0 %	3,212,939	10.6 %	(2,544,898)	(79.2)%
Capital outlay	426,090	1.3 %	580,426	1.9 %	(154,336)	(26.6)%
Debt service:						
Principal	111,708	0.3 %	511,613	1.7 %	(399,905)	(78.2)%
Interest and fiscal charges	47,826	0.1 %	52,362	0.2 %	(4,536)	(8.7)%
	$ 33,529,997	100.0 %	$ 30,387,410	100.0 %	$ 3,142,587	10.3 %

Other Major Governmental Funds

Housing Successor Fund

The Housing Successor fund was generated in 2012 as a result of the dissolution of Redevelopment Agencies as ordered by the state. The fund balance increased due to loan repayments and interest earnings.

Recreation Improvements Fund

The Recreation Improvements fund is used to account for development impact fees collected to fund expansion of recreation and park facilities. The fund balance increased by $2,520,734 as a result of developer participation fees and investment earnings.

Transportation Fund

The Transportation fund is used to account for development impact fees collected to fund transportation infrastructure. The fund balance increased by $2,078,754 as a result of developer participation fees and investment earnings.

Proprietary Funds

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net position for the Sewer fund was $34,883,965 and $31,761,340 at June 30, 2025 and 2024, respectively. The unrestricted net position of the Transit fund was $70,203 and $4,623 at June 30, 2025 and 2024, respectively. The unrestricted net position of the Water fund was $5,729,510 and $5,589,364 at June 30, 2025 and 2024, respectively.

The primary changes in the proprietary funds are as follows:

- The Sewer fund unrestricted net position increased by $2.5 million from fiscal year 2024 to fiscal year 2025 despite declining revenues and increased expenses. The revenues decreased $3.6 million as development fee activity declined. Salaries and benefits expenditure increases are comprised of higher salaries and health insurance costs, as well as an escalated required retirement contribution.
- The Transit fund unrestricted net position increased by $65 thousand from fiscal year 2024 to fiscal year 2025 primarily resulting from decreased depreciation expense related to fully depreciated assets.
- The Water fund unrestricted net position increased $140 thousand due to increased revenues from customer rate increases.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Detailed information regarding composition and activity in capital assets is provided in Note 6 to the financial statements. The City's investment in capital assets as of June 30, 2025 totaled $185,308,753 (net of accumulated depreciation). The investment in capital assets includes land, construction in progress, buildings, machinery, equipment and vehicles, infrastructure, and lease and subscription assets.

For the government-wide financial statement presentation, all depreciable capital assets are depreciated from the start of the year following acquisition over their useful lives. Governmental fund financial statements record capital asset purchases as expenditures. Capital assets for the governmental and business-type activities are presented in the following table to illustrate changes from the prior year.

Table 9
Capital Assets at the End of the Year

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 2,680,103	$ 2,680,103	$ 797,166	$ 797,166	$ 3,477,269	$ 3,477,269
Construction in progress	10,172,455	14,752,925	4,197,165	5,272,660	14,369,620	20,025,585
Buildings	15,628,362	15,076,566	107,917,803	106,296,682	123,546,165	121,373,248
Machinery, equipment, and vehicles	13,454,053	12,436,692	4,280,103	4,027,835	17,734,156	16,464,527
Lease assets	2,833,008	1,123,755	336,716	191,881	3,169,724	1,315,636
Subscription assets	1,585,222	1,561,119	107,556	107,556	1,692,778	1,668,675
Infrastructure	192,770,965	188,232,042	-	-	192,770,965	188,232,042
Accumulated depreciation	(119,609,986)	(114,455,829)	(51,841,938)	(49,079,429)	(171,451,924)	(163,535,258)
Total	$ 119,514,182	$ 121,407,373	$ 65,794,571	$ 67,614,351	$ 185,308,753	$ 189,021,724

Debt Administration

Detailed information regarding composition and activity in long-term debt is provided in Note 7 to the financial statements.

Long-term liabilities for the governmental and business-type activities are presented in the following table to illustrate changes from the prior year.

Table 10
Long-Term Debt

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Solar panel loan	$ 1,005,606	$ 1,117,314	$ -	$ -	$ 1,005,606	$ 1,117,314
State revolving loan	-	-	18,320,296	19,668,336	18,320,296	19,668,336
Lease liabilities	1,791,662	452,877	175,844	104,106	1,967,506	556,983
Subscription liabilities	690,493	893,682	27,000	40,500	717,493	934,182
Compensated absences	1,625,858	1,421,283	242,458	224,809	1,868,316	1,646,092
Total	$ 5,113,619	$ 3,885,156	$ 18,765,598	$ 20,037,751	$ 23,879,217	$ 23,922,907

Community Facility District Debt

In 2016, special tax bonds in the amount of $7.7 million were issued for the Parklane CFD 2013-1. The bond proceeds were used to finance infrastructure in the district. The debt is secured by tax assessments on the real property in the district and is a limited obligation of the City. The City's only responsibilities are to collect the tax assessments from the property owners and take actions to collect delinquent assessments from property owners in accordance with the City's covenant with the bondholders. In 2019, a second special tax bond issuance in the amount of $11 million was issued for the Parklane CFD 2013-1. The total outstanding as of June 30, 2025 is $17.7 million. The net proceeds were used to finance various public infrastructure improvements necessitated by development occurring in the District. The City's only responsibilities are to collect the tax assessments from the property owners and take actions to collect delinquent assessments from property owners in accordance with the City's covenant with the bondholders.

In 2017, special tax bonds in the amount of $4.8 million were issued for the Valley Glen II CFD 2015-1. An additional $5.0 million was issued in 2019 and $4.9 million in 2022. The total outstanding as of June 30, 2025 is $14.1 million. The bond proceeds were used to finance infrastructure in the district. The debt is secured by tax assessments on the real property in the district and is a limited obligation of the City. The City's only responsibilities are to collect the tax assessments from the property owners and take actions to collect delinquent assessments from property owners in accordance with the City's covenant with the bondholders.

In 2020, special tax bonds in the amount of $14.7 million were issued for the Homestead CFD 2019-10. An additional $4.8 million were issued in 2021, $13.9 million in 2023, and $8.4 million in 2024. The total outstanding as of June 30, 2025 is $41.3 million. The bond proceeds were used to finance infrastructure in the district. The debt is secured by tax assessments on the real property in the district and is a limited obligation of the City. The City's only responsibilities are to collect the tax assessments from the property owners and take actions to collect delinquent assessments from property owners in accordance with the City's covenant with the bondholders.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council approved a General fund budget of $29.0 million. As budgeted, the General fund expenditures would have exceeded revenues by $1.5 million, with a projected ending fund balance of $8.0 million. The fiscal year activity resulted in revenues exceeding expenditures by $1,462,488, increasing fund balance from $27,008,486 to $28,235,918 at June 30, 2025.

Public safety represents the primary expenditure category for the General fund at $16.2 million or 52.4% of the adopted budget.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

According to the Bureau of Economic Analysis, the national economy showed an increase of 3.8% for Gross Domestic Product. Personal income increased 0.4% and disposable person income increased 0.3%. Comparatively, personal consumption expenditures increased 0.3%. The State of California is experiencing revenue challenges and the FY 2025-26 budget contains a $2 billion deficit. This is an ongoing challenge for the State from the previous fiscal year. Inflation has increased and there have been modest reductions in interest rates. Residential development and sales in Dixon have continued, but property values have declined slightly under the pressure of higher interest rates. Sales tax revenues have remained level; however, an increase is anticipated because of the voter-approved 1% additional sales tax.

On June 3, 2025, the City Council adopted a balanced budget for 2025-26 with $65.7 million in revenues and appropriations of $52.7 million. Appropriations in funds exceeding fund balance will be funded by existing fund balance. The General Fund adopted budget projected revenues of $30.6 million and $34.2 million in appropriations. This includes $0.8 million in appropriated capital expenses. The transfer to the OPEB reserve fund was suspended as well. Sales tax revenues are projecting a slight increase and property tax revenues are expected to have moderate growth. Full-time equivalent staffing increased to 150.35 from the 2025 budgeted positions of 143.35, which included 2 over-hire positions in the Police Department.

The fiscal and operating health of the water system continues to be a priority. A multi-year water rate increase was adopted and implemented during fiscal year 2025. The increased revenues are intended to be used to fund system-wide repairs and maintenance. Additionally, the FY 25-26 budget includes $5.4 million in capital projects.

During fiscal year 2025, the City finalized negotiations with multiple employee associations. Dixon remains under fiscal pressure with increases in total OPEB liability and net pension liability within both governmental and business-type activities. Increases in pension costs from CalPERS will also be a factor in long-term financial projections.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances, and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Kate Zawadzki, Finance Director for the City at 600 East A Street, Dixon, California 95620, phone 707-678-7000, kzawadzki@cityofdixonca.gov, or you may visit our website at www.cityofdixonca.gov for information.

CITY OF DIXON
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments (Note 2)	$ 98,019,367	$ 43,301,538	$ 141,320,905
Receivables, net:			
Accounts	768,298	1,361,166	2,129,464
Taxes	3,083,471	-	3,083,471
Interest	661,758	290,408	952,166
Due from other governments	548,322	844,436	1,392,758
Notes and loans (Note 3)	141,891	-	141,891
Leases (Note 4)	910,368	12,374	922,742
Inventory	753	25	778
Prepaid costs	876,362	6,751	883,113
Capital assets (Note 6):			
Non-depreciable	12,852,558	4,994,331	17,846,889
Depreciable, net	106,661,624	60,800,240	167,461,864
Total capital assets, net	119,514,182	65,794,571	185,308,753
Total Assets	224,524,772	111,611,269	336,136,041
DEFERRED OUTFLOWS OF RESOURCES			
Changes in the net pension liability (Note 9)	7,778,437	1,219,785	8,998,222
Changes in the total OPEB liability (Note 10)	489,506	79,294	568,800
Total Deferred Outflows of Resources	8,267,943	1,299,079	9,567,022
LIABILITIES			
Accounts payable and accrued liabilities	1,929,767	411,886	2,341,653
Accrued payroll and benefits	739,224	137,705	876,929
Accrued interest payable	36,113	202,577	238,690
Unearned revenue	89,370	9,400	98,770
Deposits payable	996,191	85,902	1,082,093
Long-term liabilities (Note 7):			
Due within one year	1,563,654	1,626,331	3,189,985
Due in more than one year	3,549,965	17,139,267	20,689,232
Net pension liability (Note 9):			
Due in more than one year	24,187,783	4,100,897	28,288,680
Total OPEB liability (Note 10):			
Due in more than one year	2,899,919	531,938	3,431,857
Total Liabilities	35,991,986	24,245,903	60,237,889
DEFERRED INFLOWS OF RESOURCES			
Changes in the net pension liability (Note 9)	572,774	169,490	742,264
Changes in the total OPEB liability (Note 10)	1,759,000	322,657	2,081,657
Leases (Note 4)	844,070	8,203	852,273
Total Deferred Inflows of Resources	3,175,844	500,350	3,676,194
NET POSITION			
Net investment in capital assets	116,026,421	47,240,256	163,266,677
Restricted for:			
Public safety	5,030,866	-	5,030,866
Community development	3,688,734	-	3,688,734
Parks and recreation	2,225,155	-	2,225,155
Public works	2,395,003	-	2,395,003
Capital projects	55,822,942	-	55,822,942
Debt service	-	240,161	240,161
Valley Glen storm drainage	852,385	-	852,385
Unrestricted	7,583,379	40,683,678	48,267,057
Total Net Position	$ 193,624,885	$ 88,164,095	$ 281,788,980

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position – Primary Government: Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT							
Governmental activities:							
General government	$ 9,017,287	$ 1,963,366	$ 394,028	$ -	$ (6,659,893)	$ -	$ (6,659,893)
Public safety	17,267,022	1,860,778	194,664	296,521	(14,915,059)	-	(14,915,059)
Public works	9,190,580	1,255,034	-	3,588,161	(4,347,385)	-	(4,347,385)
Community development	4,150,353	1,607,735	455,349	305,805	(1,781,464)	-	(1,781,464)
Parks and recreation	913,465	1,720,823	-	-	807,358	-	807,358
Interest and fiscal charges	83,939	-	-	-	(83,939)	-	(83,939)
Total governmental activities	40,622,646	8,407,736	1,044,041	4,190,487	(26,980,382)	-	(26,980,382)
Business-type activities:							
Sewer	5,649,676	5,223,284	-	-	-	(426,392)	(426,392)
Transit	1,153,872	94,157	1,187,062	-	-	127,347	127,347
Water	3,097,750	3,139,599	-	-	-	41,849	41,849
Total business-type activities	9,901,298	8,457,040	1,187,062	-	-	(257,196)	(257,196)
Total primary government	$ 50,523,944	$ 16,864,776	$ 2,231,103	$ 4,190,487	(26,980,382)	(257,196)	(27,237,578)
General revenues:							
Taxes:							
Property taxes					6,765,799	-	6,765,799
Sales taxes					12,743,191	-	12,743,191
Transient occupancy taxes					358,347	-	358,347
Franchise taxes					953,273	-	953,273
Business license taxes					161,283	-	161,283
Motor vehicle in-lieu - unrestricted					2,591,682	-	2,591,682
Investment income					5,540,298	2,181,711	7,722,009
Other revenues					4,256,177	1,560,261	5,816,438
Transfers					827,820	(827,820)	-
Total general revenues and transfers					34,197,870	2,914,152	37,112,022
Change in net position					7,217,488	2,656,956	9,874,444
Net position - July 1, 2024					186,642,453	85,507,139	272,149,592
Prior period restatement (Note 16)					(235,056)	-	(235,056)
Net position - July 1, 2024, restated					186,407,397	85,507,139	271,914,536
Net position - June 30, 2025					$ 193,624,885	$ 88,164,095	$ 281,788,980

See accompanying notes to the basic financial statements.

CITY OF DIXON
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Housing Successor	American Rescue Plan Act 2021	Recreation Improvements
ASSETS				
Cash and investments	$ 27,057,579	$ 1,809,016	$ -	$ 19,842,642
Receivables, net:				
Accounts	765,298	-	-	-
Taxes	2,992,274	-	-	-
Interest	173,461	12,446	-	136,472
Due from other governments	544,425	-	-	-
Notes and loans	141,891	-	-	-
Leases	890,207	-	-	-
Due from other funds	2,430	-	-	-
Inventory	753	-	-	-
Prepaid costs	876,362	-	-	-
Advances to other funds	-	-	-	-
Total Assets	$ 33,444,680	$ 1,821,462	$ -	$ 19,979,114
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 1,844,162	$ -	$ -	$ 1,070
Accrued liabilities	424	-	-	-
Accrued payroll and benefits	720,725	-	-	-
Unearned revenue	88,078	-	-	-
Deposits payable	927,318	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	3,580,707	-	-	1,070
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	802,537	-	-	-
Leases	825,518	-	-	-
Total Deferred Inflows of Resources	1,628,055	-	-	-
FUND BALANCES				
Nonspendable	1,018,253	-	-	-
Restricted	980	1,821,462	-	19,978,044
Committed	372,444	-	-	-
Assigned	4,807,969	-	-	-
Unassigned	22,036,272	-	-	-
Total Fund Balances	28,235,918	1,821,462	-	19,978,044
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 33,444,680	$ 1,821,462	$ -	$ 19,979,114

See accompanying notes to the basic financial statements.

CITY OF DIXON
BALANCE SHEET
GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2025

	Transportation	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and investments	$ 19,315,925	$ 29,994,205	$ 98,019,367
Receivables, net:			
Accounts	-	3,000	768,298
Taxes	-	91,197	3,083,471
Interest	131,901	207,478	661,758
Due from other governments	-	3,897	548,322
Notes and loans	-	-	141,891
Leases	-	20,161	910,368
Due from other funds	-	-	2,430
Inventory	-	-	753
Prepaid costs	-	-	876,362
Advances to other funds	148,070	-	148,070
Total Assets	$ 19,595,896	$ 30,319,938	$ 105,161,090
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ -	$ 84,111	$ 1,929,343
Accrued liabilities	-	-	424
Accrued payroll and benefits	-	18,499	739,224
Unearned revenue	-	1,292	89,370
Deposits payable	68,873	-	996,191
Due to other funds	-	2,430	2,430
Advances from other funds	-	148,070	148,070
Total Liabilities	68,873	254,402	3,905,052
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	-	802,537
Leases	-	18,552	844,070
Total Deferred Inflows of Resources	-	18,552	1,646,607
FUND BALANCES			
Nonspendable	-	-	1,018,253
Restricted	19,258,276	28,956,323	70,015,085
Committed	268,747	1,090,661	1,731,852
Assigned	-	-	4,807,969
Unassigned	-	-	22,036,272
Total Fund Balances	19,527,023	30,046,984	99,609,431
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 19,595,896	$ 30,319,938	$ 105,161,090

See accompanying notes to the basic financial statements.

CITY OF DIXON
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total fund balances reported on the governmental funds balance sheet	$ 99,609,431
Amounts reported for governmental activities in the statement of net position are different because of the following:	
Capital assets of $239,124,168, net of accumulated depreciation of $119,609,986, used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	119,514,182
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds.	802,537
Deferred outflows of resources related to changes in the net pension liability are not applicable to the current period.	7,778,437
Deferred outflows of resources related to changes in the total OPEB liability are not applicable to the current period.	489,506
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds:	
Accrued interest	(36,113)
Compensated absences	(1,625,858)
Lease liabilities	(1,791,662)
Subscription liabilities	(690,493)
Solar panel loan	(1,005,606)
Net pension liability	(24,187,783)
Total OPEB liability	(2,899,919)
Deferred inflows related to changes in the net pension liability	(572,774)
Deferred inflows related to changes in the total OPEB liability	(1,759,000)
Net position of governmental activities	$ 193,624,885

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Housing Successor	American Rescue Plan Act 2021	Recreation Improvements
REVENUES				
Taxes	$ 23,391,115	$ -	$ -	$ -
Assessments	1,409,308	-	-	-
Fines and forfeitures	-	-	-	-
Licenses and permits	1,486,993	-	-	-
Use of money and property	1,455,252	212,273	-	1,008,757
Intergovernmental	453,396	-	-	-
Charges for services	2,378,883	-	-	-
Contributions	362,887	-	-	1,566,718
Other revenues	3,515,556	573,549	-	-
Total Revenues	34,453,390	785,822	-	2,575,475
EXPENDITURES				
Current operations:				
General government	6,968,984	-	-	-
Public safety	15,870,451	-	-	-
Public works	4,989,841	-	-	-
Community development	4,447,056	-	-	-
Parks and recreation	668,041	-	-	-
Capital outlay	426,090	-	-	44,686
Debt service:				
Principal	111,708	-	-	-
Interest and fiscal charges	47,826	-	-	-
Total Expenditures	33,529,997	-	-	44,686
Excess (deficiency) of revenues over expenditures	923,393	785,822	-	2,530,789
OTHER FINANCING SOURCES (USES)				
Transfers in	1,301,909	-	-	-
Transfers out	(762,814)	-	-	(10,055)
Total Other Financing Sources (Uses)	539,095	-	-	(10,055)
Net change in fund balances	1,462,488	785,822	-	2,520,734
Fund balance - July 1, 2024	27,008,486	1,035,640	(388,836)	17,457,310
Prior period restatement (Note 16)	(235,056)	-	-	-
Changes within financial reporting entity (major to nonmajor fund) (Note 16)	-	-	388,836	-
Fund balance - July 1, 2024, restated	26,773,430	1,035,640	-	17,457,310
Fund balance - June 30, 2025	$ 28,235,918	$ 1,821,462	$ -	$ 19,978,044

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	Transportation	Other Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	$ -	$ 1,077,968	$ 24,469,083
Assessments	-	1,255,034	2,664,342
Fines and forfeitures	-	21,177	21,177
Licenses and permits	-	-	1,486,993
Use of money and property	995,056	1,605,264	5,276,602
Intergovernmental	-	650,013	1,103,409
Charges for services	-	5,252	2,384,135
Contributions	1,171,081	1,635,633	4,736,319
Other revenues	-	1,234	4,090,339
Total Revenues	2,166,137	6,251,575	46,232,399
EXPENDITURES			
Current operations:			
General government	-	-	6,968,984
Public safety	-	107,099	15,977,550
Public works	33,404	990,381	6,013,626
Community development	-	20,412	4,467,468
Parks and recreation	-	352	668,393
Capital outlay	3,191	1,323,394	1,797,361
Debt service:			
Principal	-	-	111,708
Interest and fiscal charges	-	-	47,826
Total Expenditures	36,595	2,441,638	36,052,916
Excess (deficiency) of revenues over expenditures	2,129,542	3,809,937	10,179,483
OTHER FINANCING SOURCES (USES)			
Transfers in	-	762,814	2,064,723
Transfers out	(50,788)	(413,246)	(1,236,903)
Total Other Financing Sources (Uses)	(50,788)	349,568	827,820
Net change in fund balances	2,078,754	4,159,505	11,007,303
Fund balance - July 1, 2024	17,448,269	26,276,315	88,837,184
Prior period restatement (Note 16)	-	-	(235,056)
Changes within financial reporting entity (major to nonmajor fund) (Note 16)	-	(388,836)	-
Fund balance - July 1, 2024, restated	17,448,269	25,887,479	88,602,128
Fund balance - June 30, 2025	$ 19,527,023	$ 30,046,984	$ 99,609,431

See accompanying notes to the basic financial statements.

CITY OF DIXON
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

Reconciliation of the change in fund balances - total governmental funds to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	$ 11,007,303
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases	3,451,433
Depreciation expense	(5,322,002)
Government funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	(22,622)
Some revenues reported in the statement of activities will not be collected for several months after the City's year-end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds. Some revenues reported in the prior year statement of activities were recognized in the governmental funds in the current year. This is the net change in revenues.	802,537
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
Debt principal payments	844,042
Debt issuances are an other financing source in governmental funds, but an increase in long-term liabilities in the statement of net position:	
Proceeds from lease issuance	(1,789,999)
Proceeds from SBITA issuance	(77,931)
Accrued interest payable is interest due on long-term liabilities. This is the net change in accrued interest in the current period.	(36,113)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Change in accrued compensated absences	(204,575)
Change in net pension liability	421,048
Change in total OPEB liability	(106,323)
Pension expense related to deferred outflows and inflows of resources	(1,883,075)
OPEB expense related to deferred outflows and inflows of resources	133,765
Change in net position of governmental activities	$ 7,217,488

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-type Activities			
	Sewer	Transit	Water	Totals
ASSETS				
Current assets:				
Cash and investments	$ 36,441,493	$ 358,382	$ 6,501,663	$ 43,301,538
Receivables, net:				
Accounts	837,562	-	523,604	1,361,166
Interest	243,358	2,047	45,003	290,408
Due from other governments	-	844,436	-	844,436
Leases	12,374	-	-	12,374
Inventory	-	25	-	25
Prepaid costs	-	-	6,751	6,751
Total Current Assets	37,534,787	1,204,890	7,077,021	45,816,698
Non-current assets:				
Capital assets:				
Non-depreciable	2,412,571	-	2,581,760	4,994,331
Depreciable, net	49,717,557	56,505	11,026,178	60,800,240
Total capital assets net	52,130,128	56,505	13,607,938	65,794,571
Total Non-Current Assets	52,130,128	56,505	13,607,938	65,794,571
Total Assets	89,664,915	1,261,395	20,684,959	111,611,269
DEFERRED OUTFLOWS OF RESOURCES				
Changes in net pension liability	731,054	271,998	216,733	1,219,785
Changes in total OPEB liability	19,598	45,977	13,719	79,294
Total Deferred Outflows of Resources	750,652	317,975	230,452	1,299,079
LIABILITIES				
Current liabilities:				
Accounts payable	177,148	5,841	228,897	411,886
Accrued payroll and benefits	67,289	37,269	33,147	137,705
Accrued interest	202,539	-	38	202,577
Unearned revenue	-	9,400	-	9,400
Deposits payable	-	-	85,902	85,902
Compensated absences	98,847	38,381	39,044	176,272
Leases payable	52,811	-	10,095	62,906
SBITA payable	9,450	-	4,050	13,500
Loan payable	1,373,653	-	-	1,373,653
Total Current Liabilities	1,981,737	90,891	401,173	2,473,801
Long-term liabilities:				
Compensated absences	12,401	23,578	30,207	66,186
Leases payable	112,938	-	-	112,938
SBITA payable	9,450	-	4,050	13,500
Loan payable	16,946,643	-	-	16,946,643
Net pension liability	2,457,792	914,452	728,653	4,100,897
Total OPEB liability	171,593	240,230	120,115	531,938
Total Long-term Liabilities	19,710,817	1,178,260	883,025	21,772,102
Total Liabilities	21,692,554	1,269,151	1,284,198	24,245,903
DEFERRED INFLOWS OF RESOURCES				
Changes in net pension liability	101,579	37,795	30,116	169,490
Changes in total OPEB liability	104,083	145,716	72,858	322,657
Lease related	8,203	-	-	8,203
Total Deferred Outflows of Resources	213,865	183,511	102,974	500,350

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF NET POSITION (CONTINUED)
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-type Activities			
	Sewer	Transit	Water	Totals
NET POSITION:				
Net investment in capital assets	33,625,183	56,505	13,558,568	47,240,256
Restricted for debt service	-	-	240,161	240,161
Unrestricted	34,883,965	70,203	5,729,510	40,683,678
Total Net Position	$ 68,509,148	$ 126,708	$ 19,528,239	$ 88,164,095

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-type Activities			
	Sewer	Transit	Water	Totals
OPERATING REVENUES				
Charges for services	$ 5,223,284	$ 94,157	$ 3,139,599	$ 8,457,040
Other revenues	1,501,986	-	31,658	1,533,644
Total Operating Revenue	6,725,270	94,157	3,171,257	9,990,684
OPERATING EXPENSES				
Salaries and benefits	1,589,117	858,084	762,906	3,210,107
Materials and supplies	57,824	5,129	256,152	319,105
Repairs and maintenance	266,835	151,285	90,122	508,242
Power and utilities	475,564	12,433	592,542	1,080,539
Contract services	277,516	32,698	357,420	667,634
Administration	216,595	40,760	394,896	652,251
Depreciation and amortization	2,395,044	53,483	643,041	3,091,568
Total Operating Expenses	5,278,495	1,153,872	3,097,079	9,529,446
Operating Income (Loss)	1,446,775	(1,059,715)	74,178	461,238
NON-OPERATING REVENUE (EXPENSES)				
Intergovernmental revenue	-	1,187,062	-	1,187,062
Interest income	1,815,122	15,438	351,151	2,181,711
Interest expense	(371,181)	-	(671)	(371,852)
Gain on sale of capital assets	26,617	-	-	26,617
Total Non-Operating Revenues (Expenses)	1,470,558	1,202,500	350,480	3,023,538
Income Before Transfers	2,917,333	142,785	424,658	3,484,776
TRANSFERS				
Transfers out	(394,048)	(130,688)	(303,084)	(827,820)
Change in net position	2,523,285	12,097	121,574	2,656,956
Total Net Position - July 1, 2024	65,985,863	114,611	19,406,665	85,507,139
Total Net Position - June 30, 2025	$ 68,509,148	$ 126,708	$ 19,528,239	$ 88,164,095

CITY OF DIXON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-type Activities			
	Sewer	Transit	Water	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	$ 6,728,650	$ 94,342	$ 2,809,579	$ 9,632,571
Cash paid to suppliers	(1,283,252)	(253,456)	(1,631,181)	(3,167,889)
Cash paid to employees	(1,365,606)	(791,570)	(694,085)	(2,851,261)
Net Cash Provided by (Used for) Operating Activities	4,079,792	(950,684)	484,313	3,613,421
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Interfund repayments made	-	(548,133)	-	(548,133)
Intergovernmental	-	1,972,635	-	1,972,635
Transfers to other funds	(394,048)	(130,688)	(303,084)	(827,820)
Net Cash Provided by (Used for) Noncapital Financing Activities	(394,048)	1,293,814	(303,084)	596,682
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from the disposition of capital assets	57,435	-	7,076	64,511
Acquisition and construction of capital assets	(395,035)	-	(758,361)	(1,153,396)
Principal paid on leases and SBITAs	(71,073)	-	(14,601)	(85,674)
Principal paid on capital debt	(1,348,040)	-	-	(1,348,040)
Interest paid on capital debt	(385,949)	-	(710)	(386,659)
Net Cash Used for Capital and Related Financing Activities	(2,142,662)	-	(766,596)	(2,909,258)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	1,758,618	15,022	346,388	2,120,028
Net Cash Provided by Investing Activities	1,758,618	15,022	346,388	2,120,028
Net Increase (Decrease) in Cash and Cash Equivalents	3,301,700	358,152	(238,979)	3,420,873
Cash and Cash Equivalents - July 1, 2024	33,139,793	230	6,740,642	39,880,665
Cash and Cash Equivalents - June 30, 2025	$ 36,441,493	$ 358,382	$ 6,501,663	$ 43,301,538

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Business-type Activities			
	Water	Sewer	Sewer	Totals
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:				
Operating Income (Loss)	$ 1,446,775	$ (1,059,715)	$ 74,178	$ 461,238
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization expense	2,395,044	53,483	643,041	3,091,568
(Increase) decrease in:				
Accounts receivable	16,751	185	(132,717)	(115,781)
Leases receivable	(13,371)	-	-	(13,371)
Prepaid expenses	-	-	(6,751)	(6,751)
Increase (decrease) in:				
Accounts payable	11,082	(11,151)	66,702	66,633
Accrued payroll and benefits	44,385	21,753	20,687	86,825
Deposits payable	-	-	(228,961)	(228,961)
Net pension liability	164,032	46,143	39,572	249,747
Total OPEB liability	14,173	(8,168)	(1,380)	4,625
Compensated absences	921	6,786	9,942	17,649
Net Cash Provided by (Used for) Operating Activities	$ 4,079,792	$ (950,684)	$ 484,313	$ 3,613,421
NON CASH SUPPLEMENTAL DISCLOSURE:				
Acquisition of lease assets	$ 144,835	$ -	$ -	$ 144,835
Inception of lease liabilities	$ (144,835)	$ -	$ -	$ (144,835)

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Successor Agency Private-Purpose Trust Fund	Custodial Funds
ASSETS		
Cash and investments (Note 2)	$ 44,458	$ 1,818,898
Restricted cash and investments (Note 2)	-	10,038,265
Receivables:		
Interest	306	44,463
Loans receivable (Note 15)	890,000	-
Due from other governments	-	11,178
Capital assets, net of accumulated depreciation (Note 15)	54,065	1,054,474
Total Assets	988,829	12,967,278
LIABILITIES		
Accounts payable	-	18,060
Total Liabilities	-	18,060
NET POSITION		
Held in trust	988,829	-
Restricted for individuals, organizations, and other governments	-	12,949,218
Total Net Position	$ 988,829	$ 12,949,218

See accompanying notes to the basic financial statements.

CITY OF DIXON
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Successor Agency Private-Purpose Trust Funds	Custodial Funds
ADDITIONS		
Interest	$ 3,054	$ 523,073
Collections for assessment districts	3,490	-
Property taxes	-	901,057
Assessments	-	4,466,395
Charges for services	-	39,948
Total Additions	6,544	5,930,473
DEDUCTIONS		
Administrative expenses	86	7,388,473
Contractual services	-	842,195
Depreciation	-	5,620
Contributions to other governments	-	75,841
Debt service:		
Principal	-	530,000
Interest	3,124	3,201,103
Cost of issuance	-	16,876
Total Deductions	3,210	12,060,108
Change in Fiduciary Net Position	3,334	(6,129,635)
Fiduciary Net Position - July 1, 2024	985,495	(55,980,284)
Prior period restatement (Note 16)	-	75,059,137
Fiduciary Net Position - July 1, 2024, Restated	985,495	19,078,853
Fiduciary Net Position - June 30, 2025	$ 988,829	$ 12,949,218

See accompanying notes to the basic financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Dixon (City) was incorporated in March 1878 under the laws and regulations of the State of California. The City operates under a City Manager - Council form of government and provides the following services: public safety (police and fire), water, transit, streets, sanitation, culture-recreation, public improvements, planning and zoning and general administrative services.

A. Description of Reporting Entity

The accompanying financial statements present the financial activities of the City along with the financial activities of its blended component units, which are entities for which the City is financially accountable. Together these entities comprise the primary government for reporting purposes. Although they are separate legal entities, blended component units are in substance part of the City's operations and are reported as an integral part of the City's financial statements. The City's component units, which are described below, are all blended.

Dixon Public Financing Authority

The Dixon Public Financing Authority (the "Authority") was formed as a joint powers authority between the City and the former Redevelopment Agency to serve as a financing mechanism of various capital projects. The City Council acts as the governing board in a concurrent session, as necessary. The bond issuance authorizations are approved by the City's Council and the legal liability for the Authority's debt remains with the City. The Authority provides services solely for the benefit of the City. All Authority debt has been repaid and was accounted for in a debt service fund. No separate financial statements are issued for the Authority.

Dixon Public Improvement Corporation

The Dixon Public Improvement Corporation (the "Corporation") is governed by a board comprised of the City Council. Bond issuance authorizations are approved by the City Council and legal liability for the Corporation's debt remains with the City. The Corporation provides services solely for the benefit of the City. All Corporation debt has been repaid and was accounted for in the Dixon Public Improvement Corporation debt service fund. No separate financial statements are issued for the Corporation.

The City also participates in the following organizations that do not meet the definition of component units:

Vacaville-Dixon Greenbelt Authority (VDG Authority)

The VDG Authority was organized under a joint powers agreement with the City of Vacaville to purchase land to serve as a greenbelt between the cities of Dixon and Vacaville. The VDG Authority is governed by a five-member Board made up of two members appointed by the City Council of each city and an ex-officio member from the Solano County Board of Supervisors. The City of Vacaville provides record keeping services for the VDG Authority. The City of Dixon's one-half interest is reported as the Agricultural Land Mitigation capital project fund. Upon termination of the agreement, all VDG Authority assets will be returned equally to the participants.

Dixon Regional Watershed Joint Powers Authority (DRWJPA)

The DRWJPA was organized under a joint powers agreement with the Dixon Resource Conservation District, the Maine Prairie Water District and Reclamation District No. 268 (the members) to implement the Dixon Watershed Management Plan using the services of the Solano County Water Agency. The DRWJPA is governed by a nine-member Board made up of two members appointed by the governing bodies of each of the members above and an at large member elected by a voting majority of the appointed members. Upon termination of the agreement, all assets will be returned to the members contributing the assets or shall pass to all parties as tenants in common.

Dixon Fire Protection District (the Fire District)

The City entered into a joint powers agreement with the Dixon Fire Protection District to provide fire protection services to the entire territory of the Fire District and provide accounting services, including investing Fire District funds, for 92.5% of the Fire District's property tax revenues. Audited financial statements and disclosures for the Dixon Fire Protection District may be obtained from the City of Dixon, 600 East A Street, Dixon, California 95620.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Solano Sub-basin Groundwater Sustainability Agency

The City of Dixon entered into a joint-powers agreement to develop and implement a groundwater sustainability plan for the Solano Sub-basin. This agency is governed by an eleven-member Board. Each of the seven municipalities and districts appoint one director to the board, two Solano County Board of Supervisors members are assigned based upon their supervisorial districts, and two directors are landowners appointed to represent agriculture. Upon termination or withdrawal, the value of any property assets will be returned to the contributing member.

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America. These standards require that the financial statements described below be presented.

Government-wide Financial Statements

The statement of net position and statement of activities display information about the reporting government as a whole. They include the activities of the overall City government except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities, however, interfund services provided and used are not eliminated in the process of consolidation. The statements distinguish between governmental and business-type activities of the City. The City's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or part by fees charged to external parties for goods or services.

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 a program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories with each major fund displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

a. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

b. Total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

All remaining governmental funds are aggregated and reported as nonmajor funds in a single column, regardless of their fund type.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund - The General Fund is the general operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Project Funds - Capital Project Funds are used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (not included in government-wide statements)

Private-Purpose Trust Funds - Private-Purpose Trust Funds are used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The City has one fund, the Successor Agency, that was created as a result of the dissolution of the Redevelopment Agency and is reported as a private-purpose trust fund.

Custodial Funds - Custodial Funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment, and remittance of fiduciary resources to individuals and private organizations.

Major Funds

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

General Fund - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the general fund includes activities such as public safety, public ways and facilities, parks and recreation services, and economic development services.

Housing Successor Agency - This fund was created as a result of the dissolution of the Redevelopment Agency of the City of Dixon, and the City of Dixon's election to serve as the Housing Successor Agency. It accounts for the Successor Agency's loan activity.

Recreation Improvements Fund - This fund is used to account for development impact fees collected to fund expansion of recreation and park facilities.

Transportation Fund - The transportation fund is a capital projects fund used to account for the revenues and expenses budgeted for capital projects relating to transportation.

The City reports the following major proprietary funds in the accompanying financial statements:

Sewer Fund - The sewer fund is used to account for all revenues and expenses for operations, maintenance, and capital improvement funding of the Dixon Sewer Plan.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Transit Fund - The transit fund is used to account for the City's transit system, Readi-Ride. In addition, the City receives funds as part of the Solano Transportation Authority to be used for public transportation purposes.

Water Fund - The water fund is used to account for all revenues and expenses for operations, maintenance, and capital improvement funding.

C. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net position and the statement of activities, both governmental and proprietary activities are presented using the economic resources measurement focus as defined in item "b" below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

a. All governmental funds are accounted for using a "current financial resources" measurement focus. With this measurement focus, only current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources generally are included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

b. All proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and deferred outflows of resources, and all liabilities and deferred inflows of resources (whether current or noncurrent) associated with the operation of these funds are reported. Proprietary fund equity is classified as net position.

c. Fiduciary funds use the "economic resources" measurement focus and the accrual basis of accounting.

Basis of Accounting

In the government-wide statement of net position and statement of activities, both governmental and proprietary activities are presented using the accrual basis of accounting. In addition, all fiduciary funds use the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The City defines available to be within 60 days of year-end, except for sales tax revenues, which are considered available within 90 days. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due. Governmental capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from governmental long-term liabilities and acquisitions under financed purchases are reported as other financing sources.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Certain indirect costs are included in program expenses reported for individual functions and activities.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net position are 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.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. 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 operations. The principal operating revenues of the enterprise funds are charges for services. Operating expenses for proprietary 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. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Cash and Investments

The City pools the cash of all funds, except for monies deposited with fiscal agents in accordance with related bond indentures. The cash and investment balance in each fund represents that fund's equity share of the City's cash and investment pool. As the City places no restrictions on the deposit or withdrawal of a particular fund's equity in the pool, the pool operates like a demand deposit account for the participating funds.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on daily average balance and is adjusted at fiscal year-end. Interest income on restricted cash and investments with fiscal agents is credited directly to the related fund.

For purposes of the statement of cash flows, the City has defined cash and cash equivalents to be cash and petty cash funds, equity in the City's cash and investment pool, and restricted non-pooled investments with initial maturities of three months or less.

E. Accounts and Interest Receivable

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Receivables are recorded in the financial statements net of any allowance for doubtful accounts, if applicable, and estimated refunds due. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, fines, interest, and other fees. Federal and state grants are considered receivable and accrued as revenue when reimbursable costs are incurred. Business-type activities report utilities and interest earning as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are recorded as deferred inflows of resources in the fund financial statements in accordance with modified accrual, but are not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Long-term loans in governmental funds are treated as expenditures in the year advanced and as revenues in the year repayment is measurable and available. Loans receivable are recorded in the fund financial statements, but are recorded as deferred inflows of resources to indicate they do not represent current financial resources. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Service charges and interest earnings comprise the majority of proprietary fund receivables.

F. Inventory

Inventories are stated at cost (average cost per unit) for governmental and proprietary funds. The cost is recorded as an expenditure/expense in the funds at the time individual inventory items are consumed, rather than purchased.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories of governmental funds are offset by nonspendable fund balance to indicate they do not constitute resources available for future appropriation.

G. Prepaid Costs

Prepaid items are recognized under the consumption method. Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

H. Capital Assets

The accounting treatment over property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, infrastructure with an aggregate cost of $100,000 or more and equipment with a cost of $5,000 or more and a useful life of more than one year are capitalized. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets or assets received in a service concession arrangement which are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Deprecation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Depreciable Asset	Estimated Lives
Equipment	5-25 years
Buildings and improvements	5-40 years
Infrastructure	7-100 years

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick leave, comp time, and floating holiday leave. Unused vacation and compensatory time off benefits are paid to employees upon termination. The City recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. In the government-wide financial statements, the accrued compensated absences are recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature. In the proprietary funds, the accrued compensated absences are recorded as an expense and related liability in the year earned.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Initial issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, except for insurance, are expensed in the period incurred. Amortization of bond premiums or discounts, insurance costs and deferred amounts on refunding are included in interest expense.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the period issued. The face amount of debt issued is reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Leases

Lessor

The City is a lessor for noncancellable leases of land, a building, a digital billboard, and a cell tower site. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund, and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease terms, and (3) lease receipts.

- The City uses its incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement if its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lessee

The City is a lessee for several noncancellable leases of buildings, equipment, and vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

L. Subscription-Based Information Technology Arrangements (SBITA)

A SBITA is defined as a contractual agreement that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction.

The City uses various SBITA assets that it contracts through cloud computing arrangements, such as software as a service and platform as a service. The related obligations are presented in amounts equal to the present value of subscription payments, payable during the remaining SBITA term. SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

M. Unearned Revenue

Under the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

N. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' 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.

O. Other Postemployment Benefits (OPEB)

For purposes of measuring the OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 - June 30, 2024

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently reports deferred outflows related to OPEB and pensions. See Notes 9 and 10 for more information.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that qualify for reporting in this category, unavailable revenues, leases, and inflows from changes in the net pension liability and total OPEB liability. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from intergovernmental revenues that have not been received within the modified accrual period. The governmental funds also report deferred inflows of resources related to long-term leases receivable. In the government-wide financial statements, the City reports deferred inflows of resources related to leases and the inflows from changes in the net pension liability and total OPEB liability. See notes 9 and 10 for more information on the deferred inflows of resources from the net pension liability and total OPEB liability.

Q. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide presentation.

R. Equity Classifications

Government-wide Financial Statements

Net position is the excess of all the City's assets and deferred outflows of resources over all its liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three categories. These categories apply only to net position, which is determined at the government-wide level, and are described below:

a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Restricted net position - Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets".

Fund Financial Statements

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

a. Nonspendable - Amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

b. Restricted - Amounts that are restricted for specific purposes when constraints placed on the use of resources are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

c. Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (Council resolution) of the government's highest level of decision-making authority (City Council).

d. Assigned - Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted or committed. The Finance Director has the authority to assign these amounts.

e. Unassigned - Amounts representing the residual balance for the general fund or any other fund with a negative fund balance.

Further detail about the City's fund balance classification is described in Note 11.

S. Property Taxes

The County of Solano levies, bills, and collects property taxes and special assessments for the City. Property taxes levied are recorded as revenue when received in the fiscal year of levy due to the adoption of the "alternate method of property tax distribution", known as the Teeter Plan, by the City and the County of Solano. The Teeter Plan authorizes the Auditor/Controller of the County of Solano to allocate 100% of the secured property taxes billed, but not yet paid. The County of Solano remits tax monies to the City in three installments as follows:

- 50% remitted in December
- 45% remitted in April
- 5% remitted in June

Tax collections are the responsibility of the County Tax Collector. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first is due November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid April 10. Unsecured personal property taxes do not constitute a lien against real property unless the tax becomes delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payment.

Property valuations are established by the Assessor of the County of Solano for the secured and unsecured property tax rolls. Under the provisions of Article XIIIA of the State Constitution, properties are assessed at 100% of purchase price or value in 1978, whichever is later. From this base assessment, subsequent annual increases in valuation are limited to a maximum of 2 percent. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax levy dates are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property, as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

T. Use of Estimates

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

U. Implementation of Government Accounting Standards Board Statements

Effective July 1, 2024, the City implemented the following accounting and financial reporting standards:

Government Accounting Standards Board Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences.* The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and amending certain previously required disclosures. The City implemented the provisions of GASB Statement 101 in the fiscal year ending June 30, 2025. There was no significant impact to the financial statements as a result of this statement.

Government Accounting Standards Board Statement No. 102

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures.* The primary objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. A *concentration* is defined as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. There was no impact to the financial statements as a result of this statement.

V. Future Governmental Accounting Standards Board Statements

These statements are not effective until July 1, 2025 or later. The City has not determined the effects, if any, on the financial statements.

Government Accounting Standards Board Statement No. 103

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements.* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this statement are effective for the City's fiscal year ending June 30, 2026.

Government Accounting Standards Board Statement No. 104

In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets.* The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34 and also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for the City's fiscal year ending June 30, 2026.

CITY OF DIXON
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2025 were classified in the accompanying financial statements as follows:

	Cash and Investments	Restricted Cash and Investments	Total
Governmental activities	$ 98,019,367	$ -	$ 98,019,367
Business-type activities	43,301,538	-	43,301,538
Total government-wide cash and investments	141,320,905	-	141,320,905
Fiduciary activities	1,863,356	10,038,265	11,901,621
Total Cash and Investments	$ 143,184,261	$ 10,038,265	$ 153,222,526

Cash and investments were carried at fair value as of June 30, 2025 and consisted of the following:

Cash and cash equivalents:	
Petty cash on hand	$ 1,170
Demand deposits	3,140,966
Total cash and cash equivalents	3,142,136
Investments:	
Asset-backed securities	17,330,870
Government collateralized mortgage obligation	10,288,170
California Asset Management Program (CAMP)	37,251,688
Certificates of deposit	432,509
Corporate bonds	23,547,774
Local Agency Investment Fund (LAIF)	9,505,684
Money market mutual funds	290,802
International bonds	4,234,260
U.S. Treasury	36,511,560
Municipal bonds	648,808
Held by fiscal agents:	
Money market funds	10,038,265
Total investments	150,080,390
Total Cash and Investments	$ 153,222,526

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investments Authorized by the City's Investment Policy

The table below identifies the investment types that are authorized by the City's Investment Policy. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio or Dollar Amount	Maximum Investment in One Issuer
Banker's acceptances	180 days	40%	5%
California Asset Management Program	None	None	None
California local agency debt	5 years	30%	5%
Commercial paper	270 days	25%	5%
Federal government securities	5 years	None	None
Local agency bonds	5 years	30%	5%
Local Agency Investment Fund (LAIF)	None	$75,000,000	None
Medium term corporate notes	5 years	30%	5%
Money market mutual funds	None	20%	None
Mortgage-backed and asset-backed securities	5 years	20%	5%
Negotiable certificates and time deposits	5 years	30%	5%
Non-negotiable certificates and time deposits	5 years	30%	$250,000
Supranational's	5 years	30%	None
U.S. Treasury obligations	5 years	None	None

The City complies with the provisions of the California Government Code (or the City's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The City will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Banker's acceptances	270-360 days	None	None
Commercial paper	180 days	None	None
Investment agreements	None	None	None
JPA Pools (other investment pools)	N/A	None	None
Local agency bonds	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Medium term corporate notes	None	None	None
Money market mutual funds	N/A	None	None
Mortgage pass-through securities	None	None	None
Negotiable certificates and time deposits	365 days	None	None
Repurchase agreements	30 days	None	None
U.S. Agency securities	5 years	None	None
U.S. Treasury obligations	5 years	None	None

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment Valuation

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

Level 1: Quoted prices in active markets for identical assets;
Level 2: Observable inputs other than quoted market prices; and,
Level 3: Unobservable inputs.

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Money market mutual funds and LAIF are uncategorized and not subject to hierarchy of input valuation techniques.

Deposits and securities classified in Level 2 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Federal agency securities classified in Level 2 of the fair value hierarchy are valued using institutional bond quotes.

There have been no changes in the methods or assumptions used at June 30, 2025. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. City management believes its valuation methods are appropriate and consistent with other market participants. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments' fair value measurements are as follows at June 30, 2025:

	Fair Value Measurements Using			
Investments	**Level 1 Inputs**	**Level 2 inputs**	**Level 3 inputs**	**Fair Value**
Asset-backed securities	$ -	$ 17,330,870	$ -	$ 17,330,870
Government collateralized mortgage obligation	-	10,288,170	-	10,288,170
California asset management program	-	37,251,688	-	37,251,688
Certificate of deposit	-	432,509	-	432,509
Corporate bonds	-	23,547,774	-	23,547,774
Money market mutual funds	-	290,802	-	290,802
International bonds	-	4,234,260	-	4,234,260
U.S. Treasury	-	36,511,560	-	36,511,560
Municipal bonds	-	648,808	-	648,808
Total investments reported under fair value hierarchy	-	130,536,441	-	130,536,441
Held by fiscal agents:				
Money market funds	-	-	-	10,038,265
Local Agency Investment Fund (LAIF)	-	-	-	9,505,684
Total investments	$ -	$ 130,536,441	$ -	$ 150,080,390

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment in State Investment Pools

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on an amortized cost basis.

Disclosure Relating to 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 to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustees) to market rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2025:

	Remaining Maturity				
Investment Type	**< 6 months**	**6 months to 1 year**	**1 - 3 years**	**3 - 5 years**	**Fair Value**
Asset-backed securities	$ -	$ 7,936	$ 4,800,047	$ 12,522,887	$ 17,330,870
Government collateralized mortgage obligation	388,465	157,218	8,609,283	1,133,204	10,288,170
California asset management program	37,251,688	-	-	-	37,251,688
Certificate of deposit	-	-	432,509	-	432,509
Corporate bonds	-	2,421,633	17,671,752	3,454,389	23,547,774
Money market mutual funds	290,802	-	-	-	290,802
International bonds	-	-	4,234,260	-	4,234,260
U.S. obligations	-	-	-	-	-
U.S. Treasury	-	-	36,511,560	-	36,511,560
Municipal bonds	260,374	-	388,434	-	648,808
Local Agency Investment Fund	9,505,684	-	-	-	9,505,684
Held by fiscal agents:					
Money market funds	10,038,265	-	-	-	10,038,265
Total Investments	$ 57,735,278	$ 2,586,787	$ 72,647,845	$ 17,110,480	$150,080,390

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City had no investments (including investments held by bond trustees) that were highly sensitive to interest rate fluctuations as of June 30, 2025.

Disclosures Relating to Credit Risk

Generally, 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the investment policy, or debt agreements, and the actual rating as of the fiscal year end for each investment type.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

		Rating as of Fiscal Year End		
Investment Type	**Total**	**Moody's**	**S&P**	**N/A**
Asset-backed securities	$ 17,330,870	AAA	AAA	
Government collateralized mortgage obligation	10,288,170			Not rated
California asset management program	37,251,688			Not rated
Certificates of deposit	432,509			Not rated
Corporate bonds	23,547,774	AAA - BBB+	AAA - BAA1	
Money market mutual funds	290,802			Not Rated
International bonds	4,234,260	AA-	AA2	
U.S. Treasury	36,511,560	AAA	AAA	
Municipal bonds	648,808	AA - AA-	AA2 - A1	
Local Agency Investment Fund	9,505,684			Not rated
Held with Fiscal Agent:				
Money market mutual funds	10,038,265			Not rated
Total	$ 150,080,390			

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The City's investment policy contains limitations on the amount that can be invested in any one issuer. There were no investments in any one issuer (other than mutual funds and external investment pools) at June 30, 2025, that represented 5 percent or more of total City investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits which are fully insured up to $250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

At June 30, 2025, the carrying amount of the City's deposits was $3,140,966 and the bank balance was $3,302,090. The difference represents outstanding checks and other reconciling items.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City 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 investments; however, the City's investment policy requires that all of its managed investments be held in the name of the City in safekeeping by a third party bank trust department.

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Allocation of Interest Income Among Funds

Interest income from pooled investments is allocated to those funds which are required by law or administrative action to receive interest. Interest is allocated monthly based on the ending cash balances of the previous quarter in each fund receiving interest.

NOTE 3: NOTES AND LOANS RECEIVABLE

The City has made various business loans to qualifying businesses in the redevelopment area and various home loans to qualifying participants within the City under the Federal First Time Homebuyers Loan program (HOME), the 2000 Home Rehabilitation program, the Community Development Block Grant (CDBG) revolving loan program, and the 2005 Community Development Block Grant (CDBG) Housing Rehabilitation program, which are owner occupied housing rehabilitation programs. The loans have varying maturity dates and interest rates, depending on loan agreements.

A summary of notes receivable at June 30, 2025, is as follows:

Government-wide	Balance June 30, 2024	Additions	Retirements	Balance June 30, 2025
HOME Loans	$ 15,345,406	$ -	$ (32,651)	$ 15,312,755
Housing Successor Agency	1,883,105	-	(573,549)	1,309,556
CDBG Business Loans	86,976	-	(4,889)	82,087
City Manager Home Loan	148,473	-	(6,582)	141,891
Total Notes Receivable	17,463,960	-	(617,671)	16,846,289
Less Allowance	(17,314,486)	-	610,088	(16,704,398)
Total Notes Receivable, net	$ 149,474	$ -	$ (7,583)	$ 141,891

The City has provided 100% allowance for all notes receivable subject to long-term deferral and/or payment from future refinancing as well as notes receivable having subordination provisions.

City Manager Loan

The City Council approved a home down payment loan as part of the City Manager's employment agreement to encourage residency within Dixon city limits. The agreement allows for a loan up to $150,000 with an interest rate of the average LAIF rate plus half of one percent. Interest only payments are required for the first 60 months. Principal payments will be added on the 61st month with full amortization by the 360th month. The loan will become due in full upon: 1) the transfer of the property; 2) 18 months following the termination of the City Manager's employment; or 3) 24 months following the death of the City Manager.

NOTE 4: LEASES RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES

The City leases land to various companies for installation and operation of digital billboards and a cell tower. The terms range from ten years to twenty years as of the contract commencement date. The City also leases land and buildings to various companies for commercial purposes. The terms range from five years to fifteen years as of the contract commencement date. Some leases have extension options ranging from five to ten years. As of June 30, 2025, the City had five active leases. The leases have interest rates of 4.48%. For the year ended June 30, 2025, the City reported lease revenue of $69,374 and interest revenue of $34,104 related to lease payments received. As of June 30, 2025, the City is reporting leases receivable of $922,742.

NOTE 4: LEASES RECEIVABLE (CONTINUED)

The City has recorded a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease terms. As of June 30, 2025, the balance of the deferred inflow of resources was $852,273.

Future payments due to the City under the agreements are as follow for the year ending June 30:

Year Ending June 30	Principal	Interest	Total
2026	$ 102,033	$ 39,378	$ 141,411
2027	100,813	34,793	135,606
2028	89,573	30,427	120,000
2029	93,669	26,331	120,000
2030	97,953	22,047	120,000
2031 - 2035	438,701	41,297	479,998
Total	$ 922,742	$ 194,273	$ 1,117,015

NOTE 5: INTERFUND AND INTRA-FUND TRANSACTIONS

Advances to/from Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a nonspendable fund balance in applicable governmental funds to indicate they are not in spendable form. The composition of advances to/from other funds as of June 30, 2025 was as follows:

Receivable Fund	Payable Fund	Description	Amount
Non-Major Governmental Funds			
Transportation	Storm Drainage	2008 Pond C project	$ 148,070
		Total Advances to/from Other Funds	$ 148,070

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due to and due from balances as of June 30, 2025:

Due From	Due To	Description	Amount
Major Governmental Funds			
General Fund	Traffic Safety	Cover negative cash	$ 2,430
		Total Due From/Due To	$ 2,430

NOTE 5: INTERFUND AND INTRA-FUND TRANSACTIONS (CONTINUED)

Interfund Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operations, and re-allocations of special revenues. The following are the interfund transfers for fiscal year ended June 30, 2025:

Transfer From	Transfer To	Description of Transfer	Amount
Major Governmental Funds			
General Fund	CDBG	Project contributions	$ 7,644
General Fund	Landscaping and Lighting Assessment Districts	Project contributions	225,127
General Fund	CFD Pond C	Project contributions	3,715
General Fund	CDBG Coronavirus Relief Fund	Project contributions	7,493
General Fund	Capital Improvements	Project contributions	515,335
General Fund	Parks	Project contributions	3,500
Recreation Improvements	General Fund	Allocated costs	10,055
Transportation	General Fund	Allocated costs	50,788
		Total Major Governmental Interfund Transfers	823,657
Non-Major Governmental Funds			
Gas Tax	General Fund	Allocated costs	281,929
Traffic Safety	General Fund	Allocated costs	4,045
Landscaping and Lighting Assessment Districts	General Fund	Allocated costs	22,172
Valley Glen Storm Drain	General Fund	Allocated costs	21,412
CFD Pond C	General Fund	Allocated costs	6,846
Road Maintenance & Rehabilitation	General Fund	Allocated costs	7,723
American Rescue Plan Act 2021	General Fund	Allocated costs	18,272
Homestead CFD	General Fund	Allocated costs	13,952
Fire	General Fund	Allocated costs	7,035
Police	General Fund	Allocated costs	6,844
City Facilities	General Fund	Allocated costs	6,800
Storm Drainage	General Fund	Allocated costs	8,640
Transit Projects	General Fund	Allocated costs	2,400
Parks	General Fund	Allocated costs	3,832
NEQ Infrastructure	General Fund	Allocated costs	1,344
		Total Non-Major Governmental Interfund Transfers	413,246
		Total Governmental Interfund Transfers	1,236,903
Proprietary Funds			
Sewer	General Fund	Allocated costs	394,048
Transit	General Fund	Allocated costs	130,688
Water	General Fund	Allocated costs	303,084
		Total Proprietary Interfund Transfers	827,820
		Total Interfund Transfers	$ 2,064,723

NOTE 5: INTERFUND AND INTRA-FUND TRANSACTIONS (CONTINUED)

Intra-fund Transfers

The following table presents intra-fund transfers for fiscal year ended June 30, 2025:

Transfer From	Transfer To	Description	Amount
Recreation	General Fund	Project contributions	$ 4,927
Public Benefit	General Fund	Allocated costs	885,983
Public Benefit	Community Support	Allocated costs	44,193
		Total General Fund Intra-fund Transfers	$ 935,103

Intra-fund transfers are not presented on the statement of revenues, expenditures, and changes in fund balance for the governmental funds as they are presented on a net basis. However, the combining schedule of revenues, expenditures, and changes in fund balance for the General fund on pages 128 - 133 presents both intra-fund and interfund transfers.

NOTE 6: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025, was as follows:

Governmental Activities:	**Balance at July 1, 2024**	**Additions**	**Retirements**	**Transfers**	**Balance at June 30, 2025**
Capital assets, not being depreciated:					
Land	$ 2,680,103	$ -	$ -	$ -	$ 2,680,103
Construction-in-progress	14,752,925	1,488,861	(9,833)	(6,059,498)	10,172,455
Total capital assets not being depreciated	17,433,028	1,488,861	(9,833)	(6,059,498)	12,852,558
Capital assets being depreciated					
Buildings	15,076,566	-	(7,341)	559,137	15,628,362
Machinery, equipment, and vehicles	12,436,692	94,627	(38,704)	961,438	13,454,053
Lease assets - equipment and vehicles	1,123,755	1,790,014	(80,761)	-	2,833,008
Subscription asset	1,561,119	77,931	(53,828)	-	1,585,222
Infrastructure	188,232,042	-	-	4,538,923	192,770,965
Total capital assets being depreciated	218,430,174	1,962,572	(180,634)	6,059,498	226,271,610
Less accumulated depreciation:					
Buildings	(8,545,772)	(420,371)	3,119	-	(8,963,024)
Machinery, equipment, and vehicles	(7,419,938)	(607,255)	30,137	-	(7,997,056)
Lease assets - equipment and vehicles	(681,180)	(459,952)	80,761	-	(1,060,371)
Subscription asset	(378,787)	(318,477)	53,828	-	(643,436)
Infrastructure	(97,430,152)	(3,515,947)	-	-	(100,946,099)
Total accumulated depreciation	(114,455,829)	(5,322,002)	167,845	-	(119,609,986)
Total capital assets being depreciated, net	103,974,345	(3,359,430)	(12,789)	6,059,498	106,661,624
Total Capital Assets, net	$ 121,407,373	$ (1,870,569)	$ (22,622)	$ -	$ 119,514,182

Depreciation and amortization expense was charged to functions based on their usage of the related assets as follows:

Governmental Activities:

General government	$ 427,100
Public safety	795,759
Public works	3,054,467
Community development	69,171
Parks and recreation	975,505
Total governmental activities depreciation expense	$ 5,322,002

NOTE 6: CAPITAL ASSETS (CONTINUED)

Business-type Activities:	**Balance at July 1, 2024**	**Additions**	**Retirements**	**Transfers**	**Balance at June 30, 2025**
Capital assets, not being depreciated:					
Land	$ 797,166	$ -	$ -	$ -	$ 797,166
Construction-in-progress	5,272,660	1,127,552	(17,698)	(2,185,349)	4,197,165
Total capital assets not being depreciated	6,069,826	1,127,552	(17,698)	(2,185,349)	4,994,331
Capital assets being depreciated					
Buildings	106,296,682	6,457	(34,667)	1,649,331	107,917,803
Machinery, equipment, and vehicles	4,027,835	19,387	(303,137)	536,018	4,280,103
Lease assets - building	49,805	-	-	-	49,805
Lease assets - vehicles	142,076	144,835	-	-	286,911
Subscription assets	107,556	-	-	-	107,556
Total capital assets being depreciated	110,623,954	170,679	(337,804)	2,185,349	112,642,178
Less accumulated depreciation:					
Buildings	(46,238,325)	(2,754,550)	35,743	-	(48,957,132)
Machinery, equipment, and vehicles	(2,704,699)	(245,844)	290,972	-	(2,659,571)
Lease assets - building	(29,135)	(10,784)	-	-	(39,919)
Lease assets - vehicles	(64,248)	(54,577)	2,344	-	(116,481)
Subscription assets	(43,022)	(25,813)	-	-	(68,835)
Total accumulated depreciation	(49,079,429)	(3,091,568)	329,059	-	(51,841,938)
Total capital assets being depreciated, net	61,544,525	(2,920,889)	(8,745)	2,185,349	60,800,240
Total Capital Assets, net	$ 67,614,351	$ (1,793,337)	$ (26,443)	$ -	$ 65,794,571

Depreciation expense was charged to business-type functions as follows:

Business-type Activities:

Sewer	$ 2,395,044
Transit	53,483
Water	643,041
Total business-type activities depreciation expense	$ 3,091,568

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in the City's long-term liabilities for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Current Portion
Governmental Activities:					
Solar panel loan	$ 1,117,314	$ -	$ (111,708)	$ 1,005,606	$ 133,097
Lease liabilities	452,877	1,789,999	(451,214)	1,791,662	509,863
Subscription (SBITA) liabilities	893,682	77,931	(281,120)	690,493	143,905
Compensated absences	1,421,283	1,498,361	(1,293,786)	1,625,858	776,789
Total	$ 3,885,156	$ 3,366,291	$ (2,137,828)	$ 5,113,619	$ 1,563,654
Business-type Activities:					
State revolving loan	$ 19,668,336	$ -	$ (1,348,040)	$ 18,320,296	$ 1,373,653
Lease liabilities	104,106	143,912	(72,174)	175,844	62,906
Subscription (SBITA) liabilities	40,500	-	(13,500)	27,000	13,500
Compensated absences	224,809	234,639	(216,990)	242,458	176,272
Total	$ 20,037,751	$ 378,551	$ (1,650,704)	$ 18,765,598	$ 1,626,331

A description of long-term liabilities related to governmental activities at June 30, 2025 follows:

Solar Panel Loan

In August 2012, the City entered into a solar lease agreement. The City is obligated to lease the equipment for 7 years with the option to extend for 3 years, and another option to extend for 10 years. The total cost of the lease increases each year. The City exercised the purchase option to purchase the equipment for a total amount of $1,433,706. The lease was subsequently settled with the issuance of a new loan financed through First Northern Bank. Principal and interest payments are due on a monthly basis.. The outstanding principal balance of the loan at June 30, 2025 was $1,005,606.

Future debt service payments on the solar panel loan are as follows:

For the Year Ending June 30	Principal	Interest	Total
2026	$ 133,097	$ 42,391	$ 175,488
2027	157,094	35,944	193,038
2028	183,973	28,365	212,338
2029	214,058	19,516	233,574
2030	247,680	9,248	256,928
2031	69,704	550	70,254
Total	$ 1,005,606	$ 136,014	$ 1,141,620

Lease Liabilities

The City, as a lessee, has lease agreements involving buildings, equipment, and vehicles. The City used estimated borrowing rates ranging from 2.511% to 8.37% as the discount rate for the leases. The total of the City's lease assets are recorded at a cost of $2,833,008 less accumulated amortization of $1,060,371.

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Future debt service payments on the leases are as follows:

For the Year Ending June 30	Principal	Interest	Total
2026	$ 509,863	$ 68,723	$ 578,586
2027	384,959	49,615	434,574
2028	381,539	33,373	414,912
2029	378,807	17,035	395,842
2030	136,494	1,843	138,337
Total	$ 1,791,662	$ 170,589	$ 1,962,251

Subscription (SBITA) Liabilities

The City has entered into SBITA arrangements involving various software subscriptions. The City used estimated borrowing rates ranging from 0.0% to 3.13% as the discount rate for the SBITAs. The total of the City's SBITA assets are recorded at a cost of $1,585,222 less accumulated amortization of $643,436.

Future debt service payments on the SBITAs are as follows:

For the Year Ending June 30	Principal	Interest	Total
2026	$ 143,905	$ 17,348	$ 161,253
2027	146,329	14,923	161,252
2028	75,234	12,424	87,658
2029	77,569	10,089	87,658
2030	79,977	7,681	87,658
2031 - 2033	167,479	7,838	175,317
Total	$ 690,493	$ 70,303	$ 760,796

Compensated Absences

For governmental activities, compensated absences are generally liquidated by the fund where the accrued liability occurred.

A description of long-term liabilities related to business-type activities at June 30, 2025 follows:

State Revolving Loan

On August 12, 2014, the City entered into an agreement with the California State Water Resources Control Board for construction of the Sewer Capital Improvement project. The City may borrow up to $28,500,000 or the eligible costs of the project, whichever is less. At June 30, 2021, the California State Water Resources Control Board had disbursed $28,449,482 to the City. The loan has an interest rate of 1.9% with payments starting in fiscal year 2019 and maturities through 2037. The outstanding balance at June 30, 2025, is $18,320,296.

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Future debt service payments on the loan are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2026	$ 1,373,653	$ 348,086	$ 1,721,739
2027	1,399,752	321,986	1,721,738
2028	1,426,347	295,391	1,721,738
2029	1,453,448	268,290	1,721,738
2030	1,481,063	240,675	1,721,738
2031 - 2035	7,838,267	770,424	8,608,691
2036 - 2037	3,347,766	95,711	3,443,477
Total	$ 18,320,296	$ 2,340,563	$ 20,660,859

Lease Liabilities

The City, as a lessee, has lease agreements involving buildings, equipment, and vehicles. The City used estimated borrowing rates ranging from 3.8% to 8.37% as the discount rate for the leases. The total of the City's lease assets are recorded at a cost of $336,716 less accumulated amortization of $156,400.

Future debt service payments on the leases are as follows:

For the Year Ending June 30	Principal	Interest	Total
2026	$ 62,906	$ 10,832	$ 73,738
2027	38,287	7,404	45,691
2028	37,206	4,540	41,746
2029	33,047	1,655	34,702
2030	4,398	50	4,448
Total	$ 175,844	$ 24,481	$ 200,325

Subscription (SBITA) Liabilities

The City has entered into SBITA arrangements involving various software subscriptions. The City used estimated borrowing rates ranging from 0.0% to 3.13% as the discount rate for the SBITAs. The total of the City's SBITA assets are recorded at a cost of $107,556 less accumulated amortization of $68,835.

Future debt service payments on the SBITAs are as follows:

For the Year Ending June 30	Principal	Interest	Total
2026	$ 13,500	$ -	$ 13,500
2027	13,500	-	13,500
Total	$ 27,000	$ -	$ 27,000

NOTE 8: SPECIAL ASSESSMENT DEBT WITH NO CITY COMMITMENT

Special assessment bonds have been issued pursuant to the provisions of the Improvement Bond Act of 1915. The City reports the debt service transactions of the special assessment issues in Custodial funds. The City is in no way liable for repayment of the special assessment debt, according to bond counsel, but is acting only as an agent for the property owner's/bond holders in collecting and forwarding the special assessments. At June 30, 2025, the principal amount of special assessment debt outstanding for which the City is not obligated was as follows:

Special Assessment Debt	Balance June 30, 2025
Parklane CFD 2013-1, 2015 Special Tax Bonds	$ 7,070,000
Parklane CFD 2013-1, 2019 Special Tax Bonds	10,670,000
Valley Glen 2 CFD 2015-1, 2017 Special Tax Bonds	4,455,000
Valley Glen 2 CFD 2015-1, 2019 Special Tax Bonds	4,725,000
Valley Glen 2 CFD 2015-1, 2022 Special Tax Bonds	4,945,000
Homestead CFD 2019-1, 2020 Special Tax Bonds	14,395,000
Homestead CFD 2019-1, 2021 Special Tax Bonds	4,660,000
Homestead CFD 2019-1, 2023 Special Tax Bonds	13,845,000
Homestead CFD 2019-1, 2024 Special Tax Bonds	8,375,000
Total Special Assessment Debt	$ 73,140,000

NOTE 9: PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The City sponsors nine rate plans (three miscellaneous and six safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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 (age 62 for Miscellaneous Plan members if membership date is on or after January 1, 2013) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Basic Death Benefit, the 1957 Survivor Benefit, 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.

NOTE 9: PENSION PLAN (CONTINUED)

The Plans' provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous		
	Tier 1*	Tier 2*	PEPRA
Hire Date	Prior to December 16, 2012	December 16, 2012 to December 31, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	Minimum 50 yrs	Minimum 50 yrs	Minimum 52 yrs
Monthly benefits, as of % of eligible compensation	Highest single year	3-year average	3-year average
Required employee contribution rates	8%	7%	7.75%
Required employer contribution rates	14.13%	10.15%	7.87%
Required UAL contribution	$1,008,491	$2,744	$10,160

	Safety Police		
	Tier I*	Tier II*	PEPRA
Hire Date	Prior to November 20, 2011	November 20, 2011 to December 31, 201	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	Minimum 50 yrs	Minimum 50 yrs	Minimum 50 yrs
Monthly benefits, as of % of eligible compensation	3-year average	3-year average	3-year average
Required employee contribution rates	9%	9%	13.75%
Required employer contribution rates	25.86%	23.00%	13.76%
Required UAL contribution	$740,879	$9,257	$10,837

	Safety Fire		
	Tier 1*	Tier 1*	PEPRA
Hire Date	Prior to August 12, 2012	August 12, 2012 to December 31, 2012	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	Minimum 50 yrs	Minimum 50 yrs	Minimum 50 yrs
Monthly benefits, as of % of eligible compensation	3-year average	3-year average	3-year average
Required employee contribution rates	9%	9%	13.75%
Required employer contribution rates	25.86%	23.00%	13.76%
Required UAL contribution	$441,702	$6,159	$6,457

*Plan is closed to new entrants.

<u>Contributions</u>

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 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. The City's contributions to the Plan for the year ended June 30, 2025 were $3,829,197.

NOTE 9: PENSION PLAN (CONTINUED)

B. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2025, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan of $28,288,680. $24,187,783 of the liability is reported in governmental activities and $4,100,897 of the liability is reported in business-type activities.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2024, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 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 plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2024 was as follows:

	Total
Proportion – June 30, 2023	0.22961 %
Proportion – June 30, 2024	0.23326 %
Change – increase (decrease)	0.00365 %

For the year ended June 30, 2025, the City recognized pension expense of $5,500,712. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,829,197	$ -
Differences between expected and actual experience	2,370,609	84,268
Changes of assumptions	710,578	-
Changes in employer's proportion	193,947	226,440
Difference between the employer's contributions and proportionate share of contributions	408,515	431,556
Net differences between projected and actual investment earnings	1,485,376	-
Total	$ 8,998,222	$ 742,264

$3,829,197 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 related to pensions will be recognized as pension expense as follows:

Year Ended June 30,	
2025	$ 1,432,332
2026	3,458,559
2027	44,486
2028	(508,616)

NOTE 9: PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liabilities in the June 30, 2024 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.90% net of pension plan investment expenses; includes inflation.
Mortality (1)	Derived using CalPERS membership data for all funds
Post Retirement Benefit Increase	Contract COLA up to 2.30% until purchasing power protection allowance floor on purchasing power applies, 2.30% thereafter.

(1) The mortality table used was developed based on CalPERS'-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, refer to the 2021 experience study report that can be found on the CalPERS website.

Changes in Assumptions

For the measurement period June 30, 2024, there were no changes in assumptions.

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

NOTE 9: PENSION PLAN (CONTINUED)

The table below reflects long-term expected real rates of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return (1, 2)
Global Equity - Cap-weighted	30.0%	4.45%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	(0.59%)

(1) An expected inflation of 2.3% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Management Study.

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 the Plan as of the measurement date, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	Discount Rate -1% (5.90%)	**Current Discount Rate (6.90%)**	**Discount Rate +1% (7.90%)**
Net Pension Liability (Asset)	$ 44,282,442	$ 28,288,680	$ 15,170,591

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 10: OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City sponsors and administers a single-employer health care plan (Plan) for its employees. The plan provides medical, dental, and vision plan coverage. Medical coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. Children are eligible for coverage until age 26. Retired employees who were part of the Public Employees Union #1 (Local One) receive one month's premium at the Kaiser plus one dependent rate for each year of full-time service to a maximum of 24 months. In addition, the City offers dental and vision insurance. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4 as of the June 30, 2024 measurement date. As the City's OPEB benefits are administered by City personnel, no separate financial statements are issued.

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Employees Covered

As of the June 30, 2024 measurement date, the following current and former employees were covered by the benefit terms under the Plan:

Active employees	132
Inactives currently receiving benefits	23
Inactives entitled to but not yet receiving benefits	76
Total	231

Contributions

The Plan and its contribution requirements are established by Memoranda of Understanding with the applicable employee bargaining units and may be amended by agreements between the City and the bargaining units. The annual contributions to the Plan are based on the costs to provide the benefits as described above on a pay as you go basis. For the fiscal year ended June 30, 2025, the City's contribution to the plan was $193,449.

OPEB Liability

The City's OPEB liability was measured as of June 30, 2024 and the total OPEB liability used to calculate the OPEB liability was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Contribution Policy	No pre-funding
Discount Rate	3.93% at June 30, 2024 3.65% at June 30, 2023
Inflation	2.50%
Mortality, Retirement, Disability, Termination	CalPERS 2000 - 2019 Experience Study
Mortality Improvement	Projected fully generational with Scale MP-2021
Salary Increases	2.75% annually
Medical Trend	Non-Medicare - 8.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 7.5% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076

Changes of Assumptions

The discount rate was updated based on the municipal bond rate as of the measurement date.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93 percent. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates.

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024	$ 3,306,031
Service cost	317,239
Interest on the total OPEB liability	128,730
Changes of assumptions	(127,316)
Benefit payments, including implicit subsidy	(192,827)
Net change	125,826
Balance at June 30, 2025	$ 3,431,857

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following represents the total OPEB liability of the City if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate, for measurement period ended June 30, 2025:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	$ 3,921,196	$ 3,431,857	$ 3,029,127

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the total OPEB liability of the City if it were calculated using health care cost trend rates that are one percentage-point lower or one percentage-point higher than the current rate for the measurement period ending June 30, 2025:

	1% Decrease	Current Health Care Cost Trend Rate	1% Increase
Total OPEB Liability	$ 2,901,180	$ 3,431,857	$ 4,111,446

OPEB Expenses and Deferred Outflows/ Inflows of Resources

For the fiscal year ended June 30, 2025, the City recognized OPEB expense of $154,051. As of the fiscal year ended June 30, 2025, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ -	$ 952,712
Changes of Assumptions	391,932	1,128,945
Contributions subsequent to measurement date	176,868	-
Total	$ 568,800	$ 2,081,657

NOTE 10: OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

The $176,868 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability during the subsequent fiscal year. Amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30:		
2025	$	(293,540)
2026		(249,544)
2027		(232,919)
2028		(203,651)
2029		(230,022)
Thereafter		(480,049)

NOTE 11: FUND BALANCE

Minimum Fund Balance Policy

The City Council has adopted a financial policy to maintain a minimum level of unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the General Fund. The target level is set at 5% to 15% of General Fund annual ongoing expenses. The goal is to maintain a level of 25% or higher for the General Fund. This amount is intended to provide fiscal stability when economic downturns and other unexpected events occur. If fund balance falls below 15%, employment contracts may be re-negotiated. Reserve levels for water and sewer were established to be maintained between 25% and 50% of ongoing expenses to sustain rate stabilization.

NOTE 11: FUND BALANCE (CONTINUED)

Fund Balance Classifications

As of June 30, 2025, fund balances were comprised of the following:

	General Fund	Housing Successor	Recreation Improvements	Transportation	Non-Major Governmental Funds	Total Governmental Funds
Nonspendable						
Notes and loans receivable	$ 141,891	$ -	$ -	$ -	$ -	$ 141,891
Prepaid costs	876,362	-	-	-	-	876,362
Total nonspendable	1,018,253	-	-	-	-	1,018,253
Restricted for:						
Public safety	-	-	-	-	5,030,866	5,030,866
Community development	-	1,821,462	-	-	1,867,272	3,688,734
Parks and recreation	-	-	-	-	2,225,155	2,225,155
Capital projects	-	-	19,978,044	19,258,276	16,586,622	55,822,942
Contributions	980	-	-	-	-	980
Valley Glen storm drainage	-	-	-	-	852,385	852,385
Lighting and landscaping	-	-	-	-	2,394,023	2,394,023
Total restricted	980	1,821,462	19,978,044	19,258,276	28,956,323	70,015,085
Committed to:						
Purchase requisitions	372,444	-	-	268,747	1,090,661	1,731,852
Total committed	372,444	-	-	268,747	1,090,661	1,731,852
Assigned to:						
PERS stabilization	511,227	-	-	-	-	511,227
Building reserve	290,123	-	-	-	-	290,123
Equipment replacement	738,943	-	-	-	-	738,943
Infrastructure reserve	179,810	-	-	-	-	179,810
OPEB reserve	2,356,170	-	-	-	-	2,356,170
Community development	562,202	-	-	-	-	562,202
Technology replacement	169,494	-	-	-	-	169,494
Total assigned	4,807,969	-	-	-	-	4,807,969
Unassigned	22,036,272	-	-	-	-	22,036,272
Total Fund Balance	$ 28,235,918	$ 1,821,462	$ 19,978,044	$ 19,527,023	$ 30,046,984	$ 99,609,431

NOTE 12: EXCESS EXPENDITURES AND TRANSFERS OVER APPROPRIATIONS

The following funds incurred expenditures and transfers in excess of appropriations in the following amounts for the year ended June 30, 2025:

Fund	Excess of Expenditures and Transfers
American Rescue Plan Act 2021	$ 14,352

NOTE 13: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City is a member of the Northern California Cities Self Insurance Fund (NCCSIF) along with twenty other northern California cities. The NCCSIF is a joint powers authority (JPA) organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. NCCSIF provides claims processing, administrative services, risk management services, and actuarial studies. A member from each city governs the NCCSIF. The City Council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. The City does not retain the risk of loss. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The NCCSIF is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

The NCCSIF established claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not yet settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The City's insurance coverage and respective coverage providers are as follows:

Amount	Coverage Provider	Payment
Liability Claims		
$0 - $100,000	Self-insured	Banking Layer
$100,001 - $500,000	Northern California Cities Self Insurance Fund	Shared risk
$500,001 - $40,000,000	California Joint Powers Risk Management Authority	Shared risk
Workers' Comp		
$0 - $100,000	Self-insured	Banking Layer
$100,001 - $500,000	Northern California Cities Self Insurance Fund	Shared risk
$500,001 - $200,000,000	California Joint Powers Risk Management Authority	Shared risk

There have been no significant reductions in insurance coverage in the prior fiscal year. Also, settlements have not exceeded the insurance coverage for the past three fiscal years. The City's equity investment in NCCSIF of $845,973 is recorded as a prepaid asset in the General Fund. Compiled condensed financial information for NCCSIF for the fiscal year ended June 30, 2025 was as follows:

Total assets	$ 99,273,463
Total liabilities	64,027,943
Net position	35,245,520
Total revenues	47,909,237
Total expenses	39,012,199
Change in net position	$ 8,897,038

The City is also a member of California Transit Indemnity Pool (CalTIP). Under CalTIP, the City's Transit fund contributes to the liability and vehicle physical damage programs. Information on CalTIP can be found online at caltiponline.org.

NOTE 14: COMMITMENTS AND CONTINGENCIES

A. Contractual Obligations

At June 30, 2025, the City had construction contracts outstanding as follows:

Project	Spent-to-Date	Remaining Commitment
HSIP Cycle 10 pedestrian improvements	$ -	$ 220,255

The remaining commitments of $220,255 were encumbered at fiscal year-end. The encumbrances and related appropriation technically lapse at the end of the year but are reappropriated and become part of the subsequent year's budget because performance under the executory contract is expected in the next year.

B. Grant Awards

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

C. Litigation

The City is involved in several pending lawsuits of a nature common to many similar jurisdictions. City management estimates that potential claims against the City, not covered by insurance, will not have a material adverse effect on the financial statements of the City.

NOTE 15: SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

In accordance with Assembly Bill 1X26 and Assembly Bill 1434, all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012. The activity of the Successor Agency Trust for assets of the Former Redevelopment Agency (Successor Agency) is recorded in a private purpose trust fund.

Management believes in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the Successor Agency Trust under the requirements of the bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonable possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

A. Cash and Investments

Cash and investments of the Successor Agency as of June 30, 2025 are included in pooled cash and investments, and cash with fiscal agent as discussed in Note 2.

B. Loans Receivable

The Successor Agency has made various business loan to qualifying businesses in the redevelopment area. The loans have varying maturity dates and interest rates depending on the loan agreements.

NOTE 15: SUCCESSOR AGENCY TRUST FOR ASSETS OR FORMER REDEVELOPMENT AGENCY (CONTINUED)

The following is a summary of changes in loans receivable for the year ended June 30, 2025:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025
Firehouse rehab loans	$ 890,000	$ -	$ -	$ 890,000
Total Notes Receivable, net	$ 890,000	$ -	$ -	$ 890,000

C. Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Retirements	Balance June 30, 2025
Capital assets, not being depreciated:				
Land	$ 54,065	$ -	$ -	$ 54,065
Total Capital Assets, Not Being Depreciated	$ 54,065	$ -	$ -	$ 54,065

D. Insurance

The Successor Agency is covered under the City of Dixon's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 13.

NOTE 16: RESTATEMENT OF BEGINNING BALANCES

Change Within Financial Reporting Entity

For the year ended June 30, 2025, the City determined one fund that was presented as a major fund in the prior year met the criteria for presentation as a non-major fund in the current year. The change was incorporated in the financial statements and the effect on the beginning fund balance of the fund financial statements is shown below.

	American Rescue Plan Act 2021	Other Governmental Funds
Fund Balances - July 1, 2024, as previously presented	$ (388,836)	$ 26,276,315
Change from major to nonmajor fund	388,836	(388,836)
Fund Balances - July 1, 2024, adjusted	$ -	$ 25,887,479

Prior Period Restatements

In 2025, the City determined the following items had been incorrectly recorded in a prior year:

1. The prepaid expense reported for NCCSIF was incorrectly stated.
2. Long-term debt was incorrectly included on the statement of fiduciary net position for the Custodial funds.

NOTE 16: RESTATEMENT OF BEGINNING BALANCES (CONTINUED)

The impact of the restatement on the net position of the government-wide financial statements as previously reported is presented below:

	Governmental Activities
Net Position, July 1, 2024, as previously reported	$ 186,642,453
Adjustment associated with:	
Correction of prepaid costs	(235,056)
Total Prior Period Restatement	(235,056)
Net Position, July 1, 2024, as restated	$ 186,407,397

The impact of the restatement on fund balance on the governmental fund financial statements as previously reported is presented below:

	General Fund	Total Governmental Funds
Fund balance, July 1, 2024, as previously reported	$ 27,008,486	$ 88,837,184
Adjustment associated with:		
Correction of prepaid costs	(235,056)	(235,056)
Total Prior Period Restatement	(235,056)	(235,056)
Fund balance, July 1, 2024, as restated	$ 26,773,430	$ 88,602,128

The impact of the restatement on fund balance on the fiduciary fund financial statements as previously reported is presented below:

	Custodial Funds
Fund balance, July 1, 2024, as previously reported	$ (55,980,284)
Adjustment associated with:	
Correction of long-term liabilities	75,059,137
Total Prior Period Restatement	75,059,137
Fund balance, July 1, 2024, as restated	$ 19,078,853

NOTE 17: SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 17, 2025, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DIXON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
As of June 30, 2025
Last 10 Years*

Measurement Period	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Miscellaneous Plan					
2024	0.2643 %	$ 12,782,990	$ 8,893,251	143.7 %	78.1 %
2023	0.1033 %	12,888,740	7,483,293	172.2 %	68.8 %
2022	0.1057 %	12,207,212	6,697,264	182.3 %	76.7 %
2021	0.1164 %	6,293,494	6,247,282	100.7 %	88.3 %
2020	0.1005 %	10,937,625	4,839,161	226.0 %	75.1 %
2019	0.1570 %	10,433,567	4,447,577	234.6 %	75.3 %
2018	0.1031 %	9,935,494	4,078,600	243.6 %	75.3 %
2017	0.1041 %	10,326,561	3,869,262	266.9 %	73.3 %
2016	0.1068 %	9,239,271	3,580,280	258.1 %	74.1 %
2015	0.1148 %	7,877,960	3,357,544	234.6 %	78.4 %
Safety Plan					
2024	0.2127 %	$ 15,505,690	$ 8,982,648	172.6 %	78.1 %
2023	0.1263 %	15,756,054	7,676,989	205.2 %	68.8 %
2022	0.1241 %	14,339,344	7,316,614	196.0 %	76.7 %
2021	0.1359 %	13,641,395	7,173,024	190.2 %	88.3 %
2020	0.1084 %	23,525,246	4,458,817	527.6 %	75.1 %
2019	0.2715 %	22,033,461	3,876,115	568.4 %	75.3 %
2018	0.2162 %	20,835,565	3,684,672	565.5 %	75.3 %
2017	0.2144 %	21,265,136	3,637,064	584.7 %	73.3 %
2016	0.1125 %	18,974,824	3,593,122	528.1 %	74.1 %
2015	0.2316 %	15,896,756	3,287,591	483.5 %	78.4 %

Notes to Schedule:

Changes in assumptions – In 2024 and 2023, there were no changes. In 2022, the accounting discount rate was reduced from 7.15 percent to 6.90 percent. In 2021, 2020 and 2019, there were no changes in assumptions. In 2018, assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent. In 2017, the discount rate was lowered from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

CITY OF DIXON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS
Prepared for the City's Miscellaneous and Safety Cost Sharing Defined Benefit Pension Plan
As of June 30, 2025
Last 10 Years*

Fiscal Year-End	Actuarially Determined Contribution	Actual Employer Contributions	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Miscellaneous Plan					
2025	$ 1,751,108	$ 1,751,108	$ -	$ 7,852,889	22.3 %
2024	1,521,422	1,521,422	-	8,893,251	17.1 %
2023	1,422,546	1,422,546	-	7,483,293	19.0 %
2022	1,610,749	1,610,749	-	6,697,264	24.1 %
2021	1,473,726	1,473,726	-	6,247,282	23.6 %
2020	1,338,744	1,338,744	-	4,839,161	27.7 %
2019	1,208,097	1,208,097	-	4,447,577	27.2 %
2018	1,082,281	1,082,281	-	4,078,600	26.5 %
2017	986,363	986,363	-	3,869,262	25.5 %
2016	901,863	901,863	-	3,580,280	25.2 %
Safety Plan					
2025	$ 2,272,728	$ 2,272,728	$ -	$ 6,230,664	36.5 %
2024	2,199,285	2,199,285	-	8,982,648	24.5 %
2023	2,041,607	2,041,607	-	7,676,989	26.6 %
2022	2,093,833	2,093,833	-	7,316,614	28.6 %
2021	1,942,496	1,942,496	-	7,173,024	27.1 %
2005	1,705,937	1,705,937	-	4,458,817	38.3 %
2019	1,492,249	1,492,249	-	3,876,115	38.5 %
2018	1,304,980	1,304,980	-	3,684,672	35.4 %
2017	1,163,983	1,163,983	-	3,637,064	32.0 %
2016	1,169,350	1,169,350	-	3,593,122	32.5 %

CITY OF DIXON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Measurement Periods Ended June 30

Last 10 Years*

	2024	2023	2022	2021
Total OPEB liability				
Service cost	$ 317,239	$ 335,919	$ 439,562	$ 434,517
Interest	128,730	143,384	99,507	111,464
Changes in assumptions	(127,316)	(155,372)	(806,768)	(437,688)
Experience gains (losses)	-	(624,896)	-	(396,808)
Benefit payments	(192,827)	(214,924)	(155,189)	(151,514)
Net change in total OPEB liability	125,826	(515,889)	(422,888)	(440,029)
Total OPEB liability, beginning	3,306,031	3,821,920	4,244,808	4,684,837
Total OPEB liability, ending (a)	$ 3,431,857	$ 3,306,031	$ 3,821,920	$ 4,244,808
Covered-employee payroll	$ 10,589,801	$ 9,166,805	$ 12,118,894	$ 8,273,588
Net OPEB liability as a percentage of covered-employee payroll	32.41 %	36.07 %	31.54 %	51.31 %

Notes to Schedule:

Benefit changes – None

Changes in assumptions – The discount rate was updated based on the municipal bond rate as of the measurement date. Updated medical trend rates. 3.50% PEMHCA minimum increase.

No assets are accumulated in a qualifying trust to pay benefits of the OPEB plan.

* Schedule is intended to show information for ten years. Fiscal year 2017 was the first year of implementation, therefore only eight years are shown. Additional years' information will be displayed as it becomes available.

CITY OF DIXON
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS (CONTINUED)
For the Measurement Periods Ended June 30

Last 10 Years*

	2020	2019	2018	2017
Total OPEB liability				
Service cost	$ 324,604	$ 276,654	$ 284,951	$ 323,000
Interest	136,676	155,741	138,812	112,000
Changes in assumptions	718,771	153,408	(149,593)	(388,000)
Experience gains (losses)	-	(611,900)	-	-
Benefit payments	(151,274)	(130,993)	(86,020)	(85,000)
Net change in total OPEB liability	1,028,777	(157,090)	188,150	(38,000)
Total OPEB liability, beginning	3,656,060	3,813,150	3,625,000	3,663,000
Total OPEB liability, ending (a)	$ 4,684,837	$ 3,656,060	$ 3,813,150	$ 3,625,000
Covered-employee payroll	$ 7,359,817	$ 6,530,574	$ 6,005,810	$ 5,379,180
Net OPEB liability as a percentage of covered-employee payroll	63.65 %	55.98 %	63.49 %	67.39 %

CITY OF DIXON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 22,003,621	$ 23,066,328	$ 23,391,115	$ 324,787
Assessments	1,181,300	1,282,604	1,409,308	126,704
Licenses and permits	1,434,984	1,708,620	1,486,993	(221,627)
Use of money and property	613,866	662,295	1,455,252	792,957
Intergovernmental	284,434	334,674	453,396	118,722
Charges for service	2,077,247	8,347,014	2,378,883	(5,968,131)
Contributions	467,000	468,500	362,887	(105,613)
Other revenues	20,000	7,133,904	3,515,556	(3,618,348)
Total Revenues	28,082,452	43,003,939	34,453,390	(8,550,549)
EXPENDITURES				
Current operations:				
General government:				
Non-departmental	312,121	719,245	295,284	423,961
City Council	199,180	209,180	187,972	21,208
City manager	818,779	854,635	722,423	132,212
City clerk	679,116	625,466	619,970	5,496
Finance	1,705,145	1,837,797	1,780,576	57,221
Human resources	700,831	787,918	747,871	40,047
Information technology	714,790	732,106	685,594	46,512
City attorney	500,000	525,000	686,008	(161,008)
General liability insurance	1,668,892	1,265,178	1,243,286	21,892
Total General Government	7,298,854	7,556,525	6,968,984	587,541
Public safety				
Police	9,257,942	8,836,721	8,617,045	219,676
Fire	7,030,174	7,447,774	7,253,406	194,368
Total Public Safety	16,288,116	16,284,495	15,870,451	414,044
Public works				
Engineering and utilities	1,005,868	1,061,458	905,555	155,903
Storm drain maintenance	323,244	324,891	298,012	26,879
Public works	2,769,672	2,981,993	2,834,989	147,004
Street maintenance	871,295	990,367	951,285	39,082
Total Public Works	4,970,079	5,358,709	4,989,841	368,868
Community development	1,387,670	15,032,743	4,447,056	10,585,687
Parks and recreation				
Recreation	619,583	629,701	512,419	117,282
Senior multi use center	138,083	146,044	155,622	(9,578)
Total Parks and Recreation	757,666	775,745	668,041	107,704

CITY OF DIXON
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Capital outlay	239,037	592,088	426,090	165,998
Debt service:				
Principal	160,761	160,761	111,708	49,053
Interest and fiscal charges	-	-	47,826	(47,826)
Total Expenditures	31,102,183	45,761,066	33,529,997	12,231,069
Excess (deficiency) of revenues over expenditures	(3,019,731)	(2,757,127)	923,393	3,680,520
OTHER FINANCING SOURCES (USES)				
Transfers in	1,893,701	1,359,478	1,301,909	(57,569)
Transfers out	(365,710)	(997,473)	(762,814)	234,659
Total other financing sources (uses)	1,527,991	362,005	539,095	177,090
Net change in fund balance	$ (1,491,740)	$ (2,395,122)	1,462,488	$ 3,857,610
Fund balance - July 1, 2024			27,008,486	
Prior period restatement			(235,056)	
Fund balance - July 1, 2024, restated			26,773,430	
Fund balance - June 30, 2025			$ 28,235,918	

CITY OF DIXON
HOUSING SUCCESSOR - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 20,680	$ 20,680	$ 212,273	$ 191,593
Other revenues	-	-	573,549	573,549
Total Revenues	20,680	20,680	785,822	765,142
EXPENDITURES				
Total Expenditures	-	-	-	-
Net change in fund balance	$ 20,680	$ 20,680	785,822	$ 765,142
Fund balance - July 1, 2024			1,035,640	
Fund balance - June 30, 2025			$ 1,821,462	

CITY OF DIXON
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION ON
BUDGETARY ACCOUNTING AND CONTROL
FOR THE YEAR ENDED JUNE 30, 2025

NOTE A: BUDGETARY BASIS OF ACCOUNTING

The City Council establishes budgets for all governmental funds on a basis consistent with generally accepted accounting principles, with the exception of capital projects which are budgeted on a project length basis. Budgetary control is legally maintained at the department level for the General fund and at the fund level for all other funds. The City Manager submits a proposed budget to the City Council for the following year beginning July 1. The preliminary budget may or may not be amended by the City Council after public hearings are held and is adopted by City Council resolution prior to July 1 in accordance with the municipal code.

The City Council may amend the budget by motion during the fiscal year. The City Manager is authorized to transfer budgeted amounts between an object or purpose within any department. However, the City Council must approve revisions that alter the total expenditures of any department.

Expenditures may not legally exceed appropriations at the department level for the General fund and at the fund level for all other funds, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. All budget amounts presented in the accompanying financial statements and supplementary information have been adjusted for legally authorized revisions of the annual budgets during the year. Amounts represent the original budgeted amounts and all supplemental appropriations.

For the fiscal year ended June 30, 2025, the following funds did not have annual adopted budgets:

- Asset Forfeiture
- Community Development

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

CITY OF DIXON
RECREATION IMPROVEMENTS FUND - MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 294,370	$ 294,370	$ 1,008,757	$ 714,387
Contributions	3,874,930	3,874,930	1,566,718	(2,308,212)
Total Revenues	4,169,300	4,169,300	2,575,475	(1,593,825)
EXPENDITURES				
Capital outlay	10,000	1,651,158	44,686	1,606,472
Total Expenditures	10,000	1,651,158	44,686	1,606,472
Excess (deficiency) of revenues over expenditures	4,159,300	2,518,142	2,530,789	12,647
OTHER FINANCING SOURCES (USES)				
Transfers out	(10,055)	(10,055)	(10,055)	-
Total other financing sources (uses)	(10,055)	(10,055)	(10,055)	-
Net change in fund balance	$ 4,149,245	$ 2,508,087	2,520,734	$ 12,647
Fund balance - July 1, 2024			17,457,310	
Fund balance - June 30, 2025			$ 19,978,044	

CITY OF DIXON
TRANSPORTATION FUND - MAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 467,430	$ 467,430	$ 995,056	$ 527,626
Intergovernmental	-	151,000	-	(151,000)
Contributions	3,323,283	3,323,283	1,171,081	(2,152,202)
Total Revenues	3,790,713	3,941,713	2,166,137	(1,775,576)
EXPENDITURES				
Current operations:				
Public works	-	1,431,642	33,404	1,398,238
Capital outlay	-	1,695,984	3,191	1,692,793
Total Expenditures	-	3,127,626	36,595	3,091,031
Excess (deficiency) of revenues over expenditures	3,790,713	814,087	2,129,542	1,315,455
OTHER FINANCING SOURCES (USES)				
Transfers out	(50,788)	(2,180,573)	(50,788)	2,129,785
Total other financing sources (uses)	(50,788)	(2,180,573)	(50,788)	2,129,785
Net change in fund balance	$ 3,739,925	$ (1,366,486)	2,078,754	$ 3,445,240
Fund balance - July 1, 2024			17,448,269	
Fund balance - June 30, 2025			$ 19,527,023	

NON-MAJOR GOVERNMENTAL FUNDS

The following funds are reported in total on the Governmental Fund Financial Statements under the column Other Governmental Funds.

SPECIAL REVENUE FUNDS

HOME Loans Fund

This fund is used to account for HOME loans provided through the Community Development Block Grant program.

CDBG Fund

This fund is used to account for the City's participation in the Community Development Block Grant program, which provides loans to businesses to generate jobs for new employees in the targeted income group (generally low income).

Gas Tax Fund

This fund is used to account for receipts and expenditures of monies apportioned for road projects under the Street and Highway Code Sections 2103, 2105, 22106, 2107, and 2107.5 of the State of California.

Traffic Safety Fund

This fund is used to account for receipts of motor vehicle fines and forfeitures expended for traffic safety projects.

COPS Block Grant Fund

This fund is used to account for receipts and expenditures for the "Community Oriented Public Safety" funds provided by the State of California.

Asset Forfeiture Fund

This fund is used to account for receipts and expenditures related to asset forfeitures.

Landscaping and Lighting Assessment Districts Fund

This fund is used to account for revenues from assessments and expenditures for the landscaping maintenance and lighting operations of 10 zones within the City limits.

Valley Glen Storm Drain Fund

This fund accounts for revenues from assessments and expenditures for the maintenance of the Valley Glen Pump Station and for the Valley Glen housing development proportionate share of cost for the Pond A and lateral one storm drainage improvements.

CFD Pond C Fund

This fund accounts for assessments and expenditures for the maintenance of the drainage Pond C. The funding for this maintenance is shared by the Brookfield development and the City

Road Maintenance & Rehabilitation Fund

This fund is used to account for the Road Maintenance and Rehabilitation Account apportionments received from the State of California and expenditures for projects.

CASp Certification and Training Fund

This fund is used to account for revenues and expenditures of certified specialist funds. With the adoption of AB1379, a separate fund is required.

CDBG Coronavirus Relief Fund

This fund is used to account for funds to provide forgivable loans as a form of assistance to small businesses. This fund is managed by Economic Development with the loan accounting performed by the Finance Department.

American Rescue Plan Act 2021 Fund

This fund is used to account for revenues and expenditures related to the American Rescue Plan Act.

Homestead CFD Fund

This fund is used to account for revenues and expenses of the Homestead CFD.

CAPITAL PROJECTS FUNDS

Capital Improvements Fund

This fund is used to account for miscellaneous capital projects and for portions of capital projects which do not have other resources available (i.e., ineligible for development impact fees).

Community Development Fund

This fund is used to account for revenues and expenditures budgeted for community development projects.

Fire Fund

This fund is used to account for revenues and expenditures budgeted for capital projects relating to fire infrastructure.

Police Fund

This fund is used to account for revenues and expenditures budgeted for capital projects relating to police infrastructure.

City Facilities Fund

This fund is used to account for revenues and expenditures budgeted for capital projects relating to administrative infrastructure.

Storm Drainage Fund

This fund is used to account for resources budgeted for storm drain projects.

Transit Projects Fund

This fund is used to account for grants received to fund transit facilities.

Parks Fund

This fund is used to account for impact fees collected specifically for capital improvements to parks.

NON-MAJOR GOVERNMENTAL FUNDS

Agricultural Land Mitigation Fund

This fund is used to account for development impact fees collected to fund greenbelts.

Pardi Market Fund

This fund is used to account for revenues and expenditures related to the Pardi Market Project.

Parkway Boulevard Overcrossing Fund

This fund is used to account for revenues and expenditures related to the Parkway Boulevard Overcrossing Project.

North East Quadrant (NEQ) Infrastructure Fund

This fund is used to account for fees paid by developers in the North East Quadrant for infrastructure improvements.

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS
JUNE 30, 2025

	Special Revenue Funds				
	HOME Loans	CDBG	Gas Tax	Traffic Safety	COPS Block Grant
ASSETS					
Cash and investments	$ 418,305	$ 61,132	$ 662,217	$ -	$ 491,259
Receivables, net:					
Accounts	-	-	-	-	-
Taxes	-	-	46,820	-	-
Accrued interest	2,882	419	4,999	(17)	3,381
Due from other governments	-	-	-	3,856	-
Leases	-	-	-	-	-
Total Assets	$ 421,187	$ 61,551	$ 714,036	$ 3,839	$ 494,640
LIABILITIES					
Accounts payable	$ -	$ -	$ 5,131	$ -	$ 2,391
Accrued payroll and benefits	-	-	2,270	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	2,430	-
Advances to other funds	-	-	-	-	-
Total Liabilities	-	-	7,401	2,430	2,391
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	-	-
Leases	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Restricted	421,187	61,551	706,635	1,409	492,249
Committed	-	-	-	-	-
Total Fund Balances	421,187	61,551	706,635	1,409	492,249
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 421,187	$ 61,551	$ 714,036	$ 3,839	$ 494,640

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2025

	Special Revenue Funds				
	Asset Forfeiture	Landscaping and Lighting Assessment Districts	Valley Glen Storm Drain	CFD Pond C	Road Maintenance & Rehabilitation
ASSETS					
Cash and investments	$ 3,733	$ 587,573	$ 871,210	$ 305,284	$ 1,626,671
Receivables, net:					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	44,377
Accrued interest	26	3,819	5,938	2,091	10,983
Due from other governments	-	-	-	41	-
Leases	-	-	-	-	-
Total Assets	$ 3,759	$ 591,392	$ 877,148	$ 307,416	$ 1,682,031
LIABILITIES					
Accounts payable	$ -	$ 22,086	$ 22,669	$ 8,494	$ -
Accrued payroll and benefits	-	-	2,094	-	-
Unearned revenue	-	-	-	1,292	-
Due to other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total Liabilities	-	22,086	24,763	9,786	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	-	-
Leases	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Restricted	3,759	569,306	852,385	297,630	1,682,031
Committed	-	-	-	-	-
Total Fund Balances	3,759	569,306	852,385	297,630	1,682,031
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 3,759	$ 591,392	$ 877,148	$ 307,416	$ 1,682,031

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2025

	Special Revenue Funds			
	CASp Certification and Training Fund	CDBG Coronavirus Relief Fund	American Rescue Plan Act 2021	Homestead CFD
ASSETS				
Cash and investments	$ 37,440	$ -	$ -	$ 1,539,652
Receivables, net:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	247	-	-	10,509
Due from other governments	-	-	-	-
Leases	-	-	-	-
Total Assets	$ 37,687	$ -	$ -	$ 1,550,161
LIABILITIES				
Accounts payable	$ -	$ -	$ -	$ 8,938
Accrued payroll and benefits	-	-	-	14,135
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Advances to other funds	-	-	-	-
Total Liabilities	-	-	-	23,073
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES				
Restricted	37,687	-	-	1,527,088
Committed	-	-	-	-
Total Fund Balances	37,687	-	-	1,527,088
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 37,687	$ -	$ -	$ 1,550,161

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2025

	Capital Projects Funds				
	Capital Improvements	**Community Development**	**Fire**	**Police**	**City Facilities**
ASSETS					
Cash and investments	$ 1	$ 206	$ 3,524,928	$ 1,044,497	$ 3,119,367
Receivables, net:					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	-
Accrued interest	-	1	24,156	7,223	21,391
Due from other governments	-	-	-	-	-
Leases	-	-	-	-	-
Total Assets	$ 1	$ 207	$ 3,549,084	$ 1,051,720	$ 3,140,758
LIABILITIES					
Accounts payable	$ -	$ -	$ 329	$ 10,810	$ -
Accrued payroll and benefits	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Total Liabilities	-	-	329	10,810	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	-	-	-	-	-
Leases	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
FUND BALANCES					
Restricted	1	207	3,533,859	1,000,998	3,140,758
Committed	-	-	14,896	39,912	-
Total Fund Balances	1	207	3,548,755	1,040,910	3,140,758
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 1	$ 207	$ 3,549,084	$ 1,051,720	$ 3,140,758

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2025

	Capital Projects Funds			
	Storm Drainage	Transit Projects	Parks	Agricultural Land Mitigation
ASSETS				
Cash and investments	$ 5,578,073	$ 65,609	$ 2,198,038	$ 1,337,432
Receivables, net:				
Accounts	-	3,000	-	-
Taxes	-	-	-	-
Accrued interest	39,509	531	15,140	9,208
Due from other governments	-	-	-	-
Leases	-	20,161	-	-
Total Assets	$ 5,617,582	$ 89,301	$ 2,213,178	$ 1,346,640
LIABILITIES				
Accounts payable	$ 1,770	$ 476	$ -	$ -
Accrued payroll and benefits	-	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Advances to other funds	148,070	-	-	-
Total Liabilities	149,840	476	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Leases	-	18,552	-	-
Total Deferred Inflows of Resources	-	18,552	-	-
FUND BALANCES				
Restricted	5,457,297	70,273	2,213,178	1,346,640
Committed	10,445	-	-	-
Total Fund Balances	5,467,742	70,273	2,213,178	1,346,640
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,617,582	$ 89,301	$ 2,213,178	$ 1,346,640

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEETS (CONTINUED)
JUNE 30, 2025

	Capital Projects Funds			
	Pardi Market	Parkway Boulevard Overcrossing	NEQ Infrastructure	Total Non-major Governmental Funds
ASSETS				
Cash and investments	$ 11,895	$ 4,392,552	$ 2,117,131	$ 29,994,205
Receivables, net:				
Accounts	-	-	-	3,000
Taxes	-	-	-	91,197
Accrued interest	82	30,382	14,578	207,478
Due from other governments	-	-	-	3,897
Leases	-	-	-	20,161
Total Assets	$ 11,977	$ 4,422,934	$ 2,131,709	$ 30,319,938
LIABILITIES				
Accounts payable	$ -	$ 1,017	$ -	$ 84,111
Accrued payroll and benefits	-	-	-	18,499
Unearned revenue	-	-	-	1,292
Due to other funds	-	-	-	2,430
Advances to other funds	-	-	-	148,070
Total Liabilities	-	1,017	-	254,402
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Leases	-	-	-	18,552
Total Deferred Inflows of Resources	-	-	-	18,552
FUND BALANCES				
Restricted	11,977	3,396,509	2,131,709	28,956,323
Committed	-	1,025,408	-	1,090,661
Total Fund Balances	11,977	4,421,917	2,131,709	30,046,984
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 11,977	$ 4,422,934	$ 2,131,709	$ 30,319,938

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds				
	HOME Loans	CDBG	Gas Tax	Traffic Safety	COPS Block Grant
REVENUES					
Taxes	$ -	$ -	$ 551,464	$ -	$ -
Assessments	-	-	-	-	-
Fines and forfeitures	-	-	-	21,177	-
Use of money and property	84,994	3,730	33,917	(354)	23,669
Intergovernmental	-	-	-	-	194,664
Charges for services	-	-	-	-	-
Contributions	-	-	-	-	-
Other revenues	-	4,889	(3,900)	-	-
Total Revenues	84,994	8,619	581,481	20,823	218,333
EXPENDITURES					
Current operations:					
Public safety	-	-	-	-	107,099
Public works	-	-	86,875	16,492	-
Community development	10,591	502	-	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	3,375	-	-
Total Expenditures	10,591	502	90,250	16,492	107,099
Excess (deficiency) of revenues over expenditures	74,403	8,117	491,231	4,331	111,234
OTHER FINANCING SOURCES (USES)					
Transfers in	-	7,644	-	-	-
Transfers out	-	-	(281,929)	(4,045)	-
Total Other Financing Sources (Uses)	-	7,644	(281,929)	(4,045)	-
Net change in fund balance	74,403	15,761	209,302	286	111,234
Fund balance (deficit) - July 1, 2024	346,784	45,790	497,333	1,123	381,015
Changes within financial reporting entity (major to nonmajor funds) (Note 16)	-	-	-	-	-
Fund balance (deficit) - July 1, 2024, restated	346,784	45,790	497,333	1,123	381,015
Fund balance - June 30, 2025	$ 421,187	$ 61,551	$ 706,635	$ 1,409	$ 492,249

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds				
	Asset Forfeiture	Landscaping and Lighting Assessment Districts	Valley Glen Storm Drain	CFD Pond C	Road Maintenance & Rehabilitation
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ 526,504
Assessments	-	212,462	275,217	76,559	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	195	26,462	41,358	14,972	73,842
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Contributions	-	-	-	-	-
Other revenues	-	-	41	204	-
Total Revenues	195	238,924	316,616	91,735	600,346
EXPENDITURES					
Current operations:					
Public safety	-	-	-	-	-
Public works	-	331,117	151,216	62,174	-
Community development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	-	-	-	-	-
Total Expenditures	-	331,117	151,216	62,174	-
Excess (deficiency) of revenues over expenditures	195	(92,193)	165,400	29,561	600,346
OTHER FINANCING SOURCES (USES)					
Transfers in	-	225,127	-	3,715	-
Transfers out	-	(22,172)	(21,412)	(6,846)	(7,723)
Total Other Financing Sources (Uses)	-	202,955	(21,412)	(3,131)	(7,723)
Net change in fund balance	195	110,762	143,988	26,430	592,623
Fund balance (deficit) - July 1, 2024	3,564	458,544	708,397	271,200	1,089,408
Changes within financial reporting entity (major to nonmajor funds) (Note 16)	-	-	-	-	-
Fund balance (deficit) - July 1, 2024, restated	3,564	458,544	708,397	271,200	1,089,408
Fund balance - June 30, 2025	$ 3,759	$ 569,306	$ 852,385	$ 297,630	$ 1,682,031

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds			
	CASp Certification and Training Fund	CDBG Coronavirus Relief Fund	American Rescue Plan Act 2021	Homestead CFD
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Assessments	-	-	-	690,796
Fines and forfeitures	-	-	-	-
Use of money and property	1,764	-	-	68,956
Intergovernmental	-	-	455,349	-
Charges for services	5,252	-	-	-
Contributions	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	7,016	-	455,349	759,752
EXPENDITURES				
Current operations:				
Public safety	-	-	-	-
Public works	-	-	-	334,776
Community development	-	-	9,319	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	38,922	-
Total Expenditures	-	-	48,241	334,776
Excess (deficiency) of revenues over expenditures	7,016	-	407,108	424,976
OTHER FINANCING SOURCES (USES)				
Transfers in	-	7,493	-	-
Transfers out	-	-	(18,272)	(13,952)
Total Other Financing Sources (Uses)	-	7,493	(18,272)	(13,952)
Net change in fund balance	7,016	7,493	388,836	411,024
Fund balance (deficit) - July 1, 2024	30,671	(7,493)	-	1,116,064
Changes within financial reporting entity (major to nonmajor funds) (Note 16)	-	-	(388,836)	-
Fund balance (deficit) - July 1, 2024, restated	30,671	(7,493)	(388,836)	1,116,064
Fund balance - June 30, 2025	$ 37,687	$ -	$ -	$ 1,527,088

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	Capital Projects Funds				
	Capital Improvements	Community Development	Fire	Police	City Facilities
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ -
Assessments	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	-	11	179,569	59,713	159,261
Intergovernmental	-	-	-	-	-
Charges for services	-	-	-	-	-
Contributions	-	-	212,796	83,725	164,245
Other revenues	-	-	-	-	-
Total Revenues	-	11	392,365	143,438	323,506
EXPENDITURES					
Current operations:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	-	-	-	-
Parks and recreation	-	-	-	-	-
Capital outlay	21,424	-	2,579	248,463	-
Total Expenditures	21,424	-	2,579	248,463	-
Excess (deficiency) of revenues over expenditures	(21,424)	11	389,786	(105,025)	323,506
OTHER FINANCING SOURCES (USES)					
Transfers in	515,335	-	-	-	-
Transfers out	-	-	(7,035)	(6,844)	(6,800)
Total Other Financing Sources (Uses)	515,335	-	(7,035)	(6,844)	(6,800)
Net change in fund balance	493,911	11	382,751	(111,869)	316,706
Fund balance (deficit) - July 1, 2024	(493,910)	196	3,166,004	1,152,779	2,824,052
Changes within financial reporting entity (major to nonmajor funds) (Note 16)	-	-	-	-	-
Fund balance (deficit) - July 1, 2024, restated	(493,910)	196	3,166,004	1,152,779	2,824,052
Fund balance - June 30, 2025	$ 1	$ 207	$ 3,548,755	$ 1,040,910	$ 3,140,758

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	Capital Projects Funds			
	Storm Drainage	Transit Projects	Parks	Agricultural Land Mitigation
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Assessments	-	-	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	290,267	15,198	121,108	69,620
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Contributions	707,865	-	-	11,938
Other revenues	-	-	-	-
Total Revenues	998,132	15,198	121,108	81,558
EXPENDITURES				
Current operations:				
Public safety	-	-	-	-
Public works	-	7,731	-	-
Community development	-	-	-	-
Parks and recreation	-	-	352	-
Capital outlay	125,014	-	662,862	23,875
Total Expenditures	125,014	7,731	663,214	23,875
Excess (deficiency) of revenues over expenditures	873,118	7,467	(542,106)	57,683
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	3,500	-
Transfers out	(8,640)	(2,400)	(3,832)	-
Total Other Financing Sources (Uses)	(8,640)	(2,400)	(332)	-
Net change in fund balance	864,478	5,067	(542,438)	57,683
Fund balance (deficit) - July 1, 2024	4,603,264	65,206	2,755,616	1,288,957
Changes within financial reporting entity (major to nonmajor funds) (Note 16)	-	-	-	-
Fund balance (deficit) - July 1, 2024, restated	4,603,264	65,206	2,755,616	1,288,957
Fund balance - June 30, 2025	$ 5,467,742	$ 70,273	$ 2,213,178	$ 1,346,640

CITY OF DIXON
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	Capital Projects Funds			
	Pardi Market	Parkway Boulevard Overcrossing	NEQ Infrastructure	Total Non-major Governmental Funds
REVENUES				
Taxes	$ -	$ -	$ -	$ 1,077,968
Assessments	-	-	-	1,255,034
Fines and forfeitures	-	-	-	21,177
Use of money and property	783	226,254	109,975	1,605,264
Intergovernmental	-	-	-	650,013
Charges for services	-	-	-	5,252
Contributions	-	455,064	-	1,635,633
Other revenues	-	-	-	1,234
Total Revenues	783	681,318	109,975	6,251,575
EXPENDITURES				
Current operations:				
Public safety	-	-	-	107,099
Public works	-	-	-	990,381
Community development	-	-	-	20,412
Parks and recreation	-	-	-	352
Capital outlay	10,027	186,853	-	1,323,394
Total Expenditures	10,027	186,853	-	2,441,638
Excess (deficiency) of revenues over expenditures	(9,244)	494,465	109,975	3,809,937
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	762,814
Transfers out	-	-	(1,344)	(413,246)
Total Other Financing Sources (Uses)	-	-	(1,344)	349,568
Net change in fund balance	(9,244)	494,465	108,631	4,159,505
Fund balance (deficit) - July 1, 2024	21,221	3,927,452	2,023,078	26,276,315
Changes within financial reporting entity (major to nonmajor funds) (Note 16)	-	-	-	(388,836)
Fund balance (deficit) - July 1, 2024, restated	21,221	3,927,452	2,023,078	25,887,479
Fund balance - June 30, 2025	$ 11,977	$ 4,421,917	$ 2,131,709	$ 30,046,984

CITY OF DIXON
HOME LOANS FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 7,770	$ 7,770	$ 84,994	$ 77,224
Total Revenues	7,770	7,770	84,994	77,224
EXPENDITURES				
Current operations:				
Community development	13,000	14,551	10,591	3,960
Total Expenditures	13,000	14,551	10,591	3,960
Net change in fund balance	$ (5,230)	$ (6,781)	74,403	$ 81,184
Fund balance - July 1, 2024			346,784	
Fund balance - June 30, 2025			$ 421,187	

CITY OF DIXON
CDBG FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Use of money and property	$ 2,010	$ 2,010	$ 3,730	$ 1,720
Other revenues	-	-	4,889	4,889
Total Revenues	2,010	2,010	8,619	6,609
EXPENDITURES				
Current operations:				
Community development	1,000	5,000	502	4,498
Total Expenditures	1,000	5,000	502	4,498
Excess (deficiency) of revenues over expenditures	1,010	(2,990)	8,117	11,107
OTHER FINANCING SOURCES (USES)				
Transfers in	-	7,644	7,644	-
Total other financing sources (uses)	-	7,644	7,644	-
Net change in fund balance	$ 1,010	$ 4,654	15,761	$ 11,107
Fund balance - July 1, 2024			45,790	
Fund balance - June 30, 2025			$ 61,551	

CITY OF DIXON
GAS TAX FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Taxes	$ 530,795	$ 530,795	$ 551,464	$ 20,669
Use of money and property	8,240	8,240	33,917	25,677
Other revenues	-	-	(3,900)	(3,900)
Total Revenues	539,035	539,035	581,481	42,446
EXPENDITURES				
Current operations:				
Public works	111,899	183,556	86,875	96,681
Capital outlay	30,000	30,000	3,375	26,625
Total Expenditures	141,899	213,556	90,250	123,306
Excess (deficiency) of revenues over expenditures	397,136	325,479	491,231	165,752
OTHER FINANCING SOURCES (USES)				
Transfers out	(281,929)	(281,929)	(281,929)	-
Total other financing sources (uses)	(281,929)	(281,929)	(281,929)	-
Net change in fund balance	$ 115,207	$ 43,550	209,302	$ 165,752
Fund balance - July 1, 2024			497,333	
Fund balance - June 30, 2025			$ 706,635	

CITY OF DIXON
TRAFFIC SAFETY FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	$ 22,817	$ 22,817	$ 21,177	$ (1,640)
Use of money and property	440	440	(354)	(794)
Total Revenues	23,257	23,257	20,823	(2,434)
EXPENDITURES				
Current operations:				
Public works	32,000	19,000	16,492	2,508
Total Expenditures	32,000	19,000	16,492	2,508
Excess (deficiency) of revenues over expenditures	(8,743)	4,257	4,331	74
OTHER FINANCING SOURCES (USES)				
Transfers in	9,451	-	-	-
Transfers out	(4,045)	(4,045)	(4,045)	-
Total other financing sources (uses)	5,406	(4,045)	(4,045)	-
Net change in fund balance	$ (3,337)	$ 212	286	$ 74
Fund balance - July 1, 2024			1,123	
Fund balance - June 30, 2025			$ 1,409	

CITY OF DIXON
COPS BLOCK GRANT FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Use of money and property	$ 9,225	$ 9,225	$ 23,669	$ 14,444
Intergovernmental	185,000	185,000	194,664	9,664
Total Revenues	194,225	194,225	218,333	24,108
EXPENDITURES				
Current operations:				
Public safety	191,659	238,138	107,099	131,039
Capital outlay	-	17,500	-	17,500
Total Expenditures	191,659	255,638	107,099	148,539
Net change in fund balance	$ 2,566	$ (61,413)	111,234	$ 172,647
Fund balance - July 1, 2024			381,015	
Fund balance - June 30, 2025			$ 492,249	

CITY OF DIXON
ASSET FORFEITURE FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original*	Final*	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ -	$ -	$ 195	$ 195
Total Revenues	-	-	195	195
EXPENDITURES				
Total Expenditures	-	-	-	-
Net change in fund balance	$ -	$ -	195	$ 195
Fund balance - July 1, 2024			3,564	
Fund balance - June 30, 2025			$ 3,759	

*The City did not adopt a budget for the Asset Forfeiture Fund for the year ended June 30, 2025.

CITY OF DIXON
LANDSCAPING AND LIGHTING ASSESSMENT DISTRICTS FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Assessments	$ 186,602	$ 186,602	$ 212,462	$ 25,860
Use of money and property	5,800	5,800	26,462	20,662
Total Revenues	192,402	192,402	238,924	46,522
EXPENDITURES				
Current operations:				
Public works	522,774	546,482	331,117	215,365
Total Expenditures	522,774	546,482	331,117	215,365
Excess (deficiency) of revenues over expenditures	(330,372)	(354,080)	(92,193)	261,887
OTHER FINANCING SOURCES (USES)				
Transfers in	352,544	352,544	225,127	(127,417)
Transfers out	(22,172)	(22,172)	(22,172)	-
Total other financing sources (uses)	330,372	330,372	202,955	(127,417)
Net change in fund balance	$ -	$ (23,708)	110,762	$ 134,470
Fund balance - July 1, 2024			458,544	
Fund balance - June 30, 2025			$ 569,306	

CITY OF DIXON
VALLEY GLEN STORM DRAIN FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Assessments	$ 272,588	$ 272,588	$ 275,217	$ 2,629
Use of money and property	15,640	15,640	41,358	25,718
Other revenues	-	-	41	41
Total Revenues	288,228	288,228	316,616	28,388
EXPENDITURES				
Current operations:				
Public works	199,869	203,655	151,216	52,439
Capital outlay	15,000	15,399	-	15,399
Total Expenditures	214,869	219,054	151,216	67,838
Excess (deficiency) of revenues over expenditures	73,359	69,174	165,400	96,226
OTHER FINANCING SOURCES (USES)				
Transfers out	(21,412)	(21,412)	(21,412)	-
Total other financing sources (uses)	(21,412)	(21,412)	(21,412)	-
Net change in fund balance	$ 51,947	$ 47,762	143,988	$ 96,226
Fund balance - July 1, 2024			708,397	
Fund balance - June 30, 2025			$ 852,385	

CITY OF DIXON
CFD POND C FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Assessments	$ 79,576	$ 79,576	$ 76,559	$ (3,017)
Use of money and property	5,184	5,184	14,972	9,788
Other revenues	-	-	204	204
Total Revenues	84,760	84,760	91,735	6,975
EXPENDITURES				
Current operations:				
Public works	81,629	94,102	62,174	31,928
Total Expenditures	81,629	94,102	62,174	31,928
Excess (deficiency) of revenues over expenditures	3,131	(9,342)	29,561	38,903
OTHER FINANCING SOURCES (USES)				
Transfers in	3,715	3,715	3,715	-
Transfers out	(6,846)	(6,846)	(6,846)	-
Total other financing sources (uses)	(3,131)	(3,131)	(3,131)	-
Net change in fund balance	$ -	$ (12,473)	26,430	$ 38,903
Fund balance - July 1, 2024			271,200	
Fund balance - June 30, 2025			$ 297,630	

CITY OF DIXON
ROAD MAINTENANCE & REHABILITATION FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes	$ 486,715	$ 486,715	$ 526,504	$ 39,789
Use of money and property	17,406	17,406	73,842	56,436
Total Revenues	504,121	504,121	600,346	96,225
EXPENDITURES				
Current operations:				
Public works	-	720,459	-	720,459
Total Expenditures	-	720,459	-	720,459
Excess (deficiency) of revenues over expenditures	504,121	(216,338)	600,346	816,684
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,723)	(7,723)	(7,723)	-
Total other financing sources (uses)	(7,723)	(7,723)	(7,723)	-
Net change in fund balance	$ 496,398	$ (224,061)	592,623	$ 816,684
Fund balance - July 1, 2024			1,089,408	
Fund balance - June 30, 2025			$ 1,682,031	

CITY OF DIXON
CASp CERTIFICATION AND TRAINING FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Use of money and property	$ 1,110	$ 1,110	$ 1,764	$ 654
Charges for services	1,300	1,300	5,252	3,952
Total Revenues	2,410	2,410	7,016	4,606
EXPENDITURES				
Current operations:				
General government	-	7,345	-	7,345
Total Expenditures	-	7,345	-	7,345
Net change in fund balance	$ 2,410	$ (4,935)	7,016	$ 11,951
Fund balance - July 1, 2024			30,671	
Fund balance - June 30, 2025			$ 37,687	

CITY OF DIXON
CDBG CORONAVIRUS RELIEF FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Intergovernmental	$ 12,594	$ 12,594	$ -	$ (12,594)
Total Revenues	12,594	12,594	-	(12,594)
EXPENDITURES				
Current operations:				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	12,594	12,594	-	(12,594)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	7,493	7,493	-
Total other financing sources (uses)	-	7,493	7,493	-
Net change in fund balance	$ 12,594	$ 20,087	7,493	$ (12,594)
Fund balance (deficit) - July 1, 2024			(7,493)	
Fund balance - June 30, 2025			$ -	

CITY OF DIXON
AMERICAN RESCUE PLAN ACT 2021 FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Intergovernmental	$ -	$ 455,349	$ 455,349	$ -
Total Revenues	-	455,349	455,349	-
EXPENDITURES				
Current operations:				
Community development	-	13,239	9,319	3,920
Capital outlay	-	38,922	38,922	-
Total Expenditures	-	52,161	48,241	3,920
Excess (deficiency) of revenues over expenditures	-	403,188	407,108	3,920
OTHER FINANCING SOURCES (USES)				
Transfers out	(534,223)	-	(18,272)	(18,272)
Total other financing sources (uses)	(534,223)	-	(18,272)	(18,272)
Net change in fund balance	$ (534,223)	$ 403,188	388,836	$ (14,352)
Fund balance (deficit) - July 1, 2024			(388,836)	
Fund balance - June 30, 2025			$ -	

CITY OF DIXON
HOMESTEAD CFD FUND - NONMAJOR SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Assessments	$ 704,332	$ 704,332	$ 690,796	$ (13,536)
Use of money and property	17,470	17,470	68,956	51,486
Total Revenues	721,802	721,802	759,752	37,950
EXPENDITURES				
Current operations:				
Public works	529,074	495,333	334,776	160,557
Total Expenditures	529,074	495,333	334,776	160,557
Excess (deficiency) of revenues over expenditures	192,728	226,469	424,976	198,507
OTHER FINANCING SOURCES (USES)				
Transfers out	(13,952)	(13,952)	(13,952)	-
Total other financing sources (uses)	(13,952)	(13,952)	(13,952)	-
Net change in fund balance	$ 178,776	$ 212,517	411,024	$ 198,507
Fund balance - July 1, 2024			1,116,064	
Fund balance - June 30, 2025			$ 1,527,088	

CITY OF DIXON
CAPITAL IMPROVEMENTS FUND - NONMAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Total Revenues	$ -	$ -	$ -	$ -
EXPENDITURES				
Capital outlay	-	128,667	21,424	107,243
Total Expenditures	-	128,667	21,424	107,243
Excess (deficiency) of revenues over expenditures	-	(128,667)	(21,424)	107,243
OTHER FINANCING SOURCES (USES)				
Transfers in	-	622,577	515,335	(107,242)
Total other financing sources (uses)	-	622,577	515,335	(107,242)
Net change in fund balance	$ -	$ 493,910	493,911	$ 1
Fund balance (deficit) - July 1, 2024			(493,910)	
Fund balance - June 30, 2025			$ 1	

CITY OF DIXON
COMMUNITY DEVELOPMENT FUND - NONMAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original*	Final*	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ -	$ -	$ 11	$ 11
Total Revenues	-	-	11	11
EXPENDITURES				
Total Expenditures	-	-	-	-
Net change in fund balance	$ -	$ -	11	$ 11
Fund balance - July 1, 2024			196	
Fund balance - June 30, 2025			$ 207	

*The City did not adopt a budget for the Community Development Fund for the year ended June 30, 2025.

CITY OF DIXON
FIRE FUND - NONMAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 57,730	$ 57,730	$ 179,569	$ 121,839
Contributions	520,204	520,204	212,796	(307,408)
Total Revenues	577,934	577,934	392,365	(185,569)
EXPENDITURES				
Capital outlay	-	17,756	2,579	15,177
Total Expenditures	-	17,756	2,579	15,177
Excess (deficiency) of revenues over expenditures	577,934	560,178	389,786	(170,392)
OTHER FINANCING SOURCES (USES)				
Transfers out	(7,035)	(7,035)	(7,035)	-
Total other financing sources (uses)	(7,035)	(7,035)	(7,035)	-
Net change in fund balance	$ 570,899	$ 553,143	382,751	$ (170,392)
Fund balance - July 1, 2024			3,166,004	
Fund balance - June 30, 2025			$ 3,548,755	

CITY OF DIXON
POLICE FUND - NONMAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 23,240	$ 23,240	$ 59,713	$ 36,473
Contributions	207,130	207,130	83,725	(123,405)
Total Revenues	230,370	230,370	143,438	(86,932)
EXPENDITURES				
Current operations:				
Public safety	-	50,000	-	50,000
Capital outlay	-	313,105	248,463	64,642
Total Expenditures	-	363,105	248,463	114,642
Excess (deficiency) of revenues over expenditures	230,370	(132,735)	(105,025)	27,710
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,844)	(6,844)	(6,844)	-
Total other financing sources (uses)	(6,844)	(6,844)	(6,844)	-
Net change in fund balance	$ 223,526	$ (139,579)	(111,869)	$ 27,710
Fund balance - July 1, 2024			1,152,779	
Fund balance - June 30, 2025			$ 1,040,910	

CITY OF DIXON
CITY FACILITIES FUND - NONMAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 53,860	$ 53,860	$ 159,261	$ 105,401
Contributions	407,010	407,010	164,245	(242,765)
Total Revenues	460,870	460,870	323,506	(137,364)
EXPENDITURES				
Current operations:				
General government	-	416,630	-	416,630
Total Expenditures	-	416,630	-	416,630
Excess (deficiency) of revenues over expenditures	460,870	44,240	323,506	279,266
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,800)	(6,800)	(6,800)	-
Total other financing sources (uses)	(6,800)	(6,800)	(6,800)	-
Net change in fund balance	$ 454,070	$ 37,440	316,706	$ 279,266
Fund balance - July 1, 2024			2,824,052	
Fund balance - June 30, 2025			$ 3,140,758	

CITY OF DIXON
STORM DRAINAGE FUND - NONMAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 42,990	$ 42,990	$ 290,267	$ 247,277
Contributions	1,623,990	1,623,990	707,865	(916,125)
Total Revenues	1,666,980	1,666,980	998,132	(668,848)
EXPENDITURES				
Current operations:				
Public works	-	142,290	-	142,290
Capital outlay	157,000	331,341	125,014	206,327
Total Expenditures	157,000	473,631	125,014	348,617
Excess (deficiency) of revenues over expenditures	1,509,980	1,193,349	873,118	(320,231)
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,640)	(8,640)	(8,640)	-
Total other financing sources (uses)	(8,640)	(8,640)	(8,640)	-
Net change in fund balance	$ 1,501,340	$ 1,184,709	864,478	$ (320,231)
Fund balance - July 1, 2024			4,603,264	
Fund balance - June 30, 2025			$ 5,467,742	

CITY OF DIXON
TRANSIT PROJECTS FUND - NONMAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 13,290	$ 13,290	$ 15,198	$ 1,908
Total Revenues	13,290	13,290	15,198	1,908
EXPENDITURES				
Current operations:				
Public works	10,890	20,857	7,731	13,126
Total Expenditures	10,890	20,857	7,731	13,126
Excess (deficiency) of revenues over expenditures	2,400	(7,567)	7,467	15,034
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,400)	(2,400)	(2,400)	-
Total other financing sources (uses)	(2,400)	(2,400)	(2,400)	-
Net change in fund balance	$ -	$ (9,967)	5,067	$ 15,034
Fund balance - July 1, 2024			65,206	
Fund balance - June 30, 2025			$ 70,273	

CITY OF DIXON
PARKS FUND - NONMAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Use of money and property	$ 58,210	$ 58,210	$ 121,108	$ 62,898
Total Revenues	58,210	58,210	121,108	62,898
EXPENDITURES				
Current operations:				
Parks and recreation	-	10,683	352	10,331
Capital outlay	-	662,863	662,862	1
Total Expenditures	-	673,546	663,214	10,332
Excess (deficiency) of revenues over expenditures	58,210	(615,336)	(542,106)	73,230
OTHER FINANCING SOURCES (USES)				
Transfers in	-	3,500	3,500	-
Transfers out	(3,832)	(3,832)	(3,832)	-
Total other financing sources (uses)	(3,832)	(332)	(332)	-
Net change in fund balance	$ 54,378	$ (615,668)	(542,438)	$ 73,230
Fund balance - July 1, 2024			2,755,616	
Fund balance - June 30, 2025			$ 2,213,178	

CITY OF DIXON
AGRICULTURAL LAND MITIGATION FUND - NONMAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Use of money and property	$ 11,100	$ 11,100	$ 69,620	$ 58,520
Contributions	-	11,938	11,938	-
Total Revenues	11,100	23,038	81,558	58,520
EXPENDITURES				
Capital outlay	-	23,875	23,875	-
Total Expenditures	-	23,875	23,875	-
Net change in fund balance	$ 11,100	$ (837)	57,683	$ 58,520
Fund balance - July 1, 2024			1,288,957	
Fund balance - June 30, 2025			$ 1,346,640	

CITY OF DIXON
PARDI MARKET FUND - NONMAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
REVENUES				
Use of money and property	$ -	$ -	$ 783	$ 783
Total Revenues	-	-	783	783
EXPENDITURES				
Capital outlay	-	10,028	10,027	1
Total Expenditures	-	10,028	10,027	1
Net change in fund balance	$ -	$ (10,028)	(9,244)	$ 784
Fund balance - July 1, 2024			21,221	
Fund balance - June 30, 2025			$ 11,977	

CITY OF DIXON
PARKWAY BOULEVARD OVERCROSSING FUND - NONMAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 60,770	$ 60,770	$ 226,254	$ 165,484
Contributions	1,261,860	1,261,860	455,064	(806,796)
Total Revenues	1,322,630	1,322,630	681,318	(641,312)
EXPENDITURES				
Current operations:				
Public works	-	49,549	-	49,549
Capital outlay	-	4,116,555	186,853	3,929,702
Total Expenditures	-	4,166,104	186,853	3,979,251
Excess (deficiency) of revenues over expenditures	1,322,630	(2,843,474)	494,465	3,337,939
OTHER FINANCING SOURCES (USES)				
Transfers in	-	2,129,785	-	(2,129,785)
Total other financing sources (uses)	-	2,129,785	-	(2,129,785)
Net change in fund balance	$ 1,322,630	$ (713,689)	494,465	$ 1,208,154
Fund balance - July 1, 2024			3,927,452	
Fund balance - June 30, 2025			$ 4,421,917	

CITY OF DIXON
NEQ INFRASTRUCTURE FUND - NONMAJOR CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Use of money and property	$ 43,520	$ 43,520	$ 109,975	$ 66,455
Total Revenues	43,520	43,520	109,975	66,455
EXPENDITURES				
Total Expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	43,520	43,520	109,975	66,455
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,344)	(1,344)	(1,344)	-
Total other financing sources (uses)	(1,344)	(1,344)	(1,344)	-
Net change in fund balance	$ 42,176	$ 42,176	108,631	$ 66,455
Fund balance - July 1, 2024			2,023,078	
Fund balance - June 30, 2025			$ 2,131,709	

Custodial Funds

These funds are used to report resources held by the City in a purely custodial capacity. The custodial funds maintained by the City include the following:

Dixon Fire Protection District Fund

This fund is used to account for the operation and maintenance of the Dixon Fire Protection District, a separate legal entity for which the City provides accounting services under a joint exercise of powers agreement.

CFD 2013-1 Parklane Debt Service Fund

This fund is used to account for the activities of the 2013-1 Parklane Community Facilities District.

CFD 2015-1 Valley Glen II Debt Service Fund

This fund is used to account for the activities of the 2015-1 Valley Glen Community Facilities District.

CFD 2019 Valley Glen II Debt Fund

This fund is used to account for the activities of the 2019-1 Improvement Area No. 2 Community Facilities District.

CFD 2019-1 Homestead Debt Fund

This fund is used to account for the activities of the 2019-1 Improvement Area No. 1 Community Facilities District.

CITY OF DIXON
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2025

	Dixon Fire Protection District	CFD 2013-1 Parklane Debt Service	CFD 2015-1 Valley Glen II Debt Service
ASSETS			
Cash and investments	$ 870,691	$ 314,387	$ 82,074
Restricted cash and investments with fiscal agent	-	2,327,403	2,401,574
Receivables:			
Interest	5,968	9,897	8,384
Due from other governments	11,178	-	-
Capital assets, net of accumulated depreciation	1,054,474	-	-
Total Assets	1,942,311	2,651,687	2,492,032
LIABILITIES			
Accounts payable	61	10,069	-
Total Liabilities	61	10,069	-
NET POSITION			
Restricted for individuals, organizations, and other governments	1,942,250	2,641,618	2,492,032
Total Net Position	$ 1,942,250	$ 2,641,618	$ 2,492,032

CITY OF DIXON
COMBINING STATEMENT OF FIDUCIARY NET POSITION (CONTINUED)
CUSTODIAL FUNDS
JUNE 30, 2025

	CFD 2019 Valley Glen II Debt	CFD 2019-1 Homestead Debt	Total
ASSETS			
Cash and investments	$ 232,735	$ 319,011	$ 1,818,898
Restricted cash and investments with fiscal agent	3,048,978	2,260,310	10,038,265
Receivables:			
Interest	11,108	9,106	44,463
Due from other governments	-	-	11,178
Capital assets, net of accumulated depreciation	-	-	1,054,474
Total Assets	3,292,821	2,588,427	12,967,278
LIABILITIES			
Accounts payable	-	7,930	18,060
Total Liabilities	-	7,930	18,060
NET POSITION			
Restricted for individuals, organizations, and other governments	3,292,821	2,580,497	12,949,218
Total Net Position	$ 3,292,821	$ 2,580,497	$ 12,949,218

CITY OF DIXON
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Dixon Fire Protection District	CFD 2013-1 Parklane Debt Service	CFD 2015-1 Valley Glen II Debt Service
ADDITIONS			
Interest	$ 43,192	$ 103,388	$ 98,095
Property taxes	901,057	-	-
Assessments	-	1,102,329	798,831
Charges for services	39,948	-	-
Total Additions	984,197	1,205,717	896,926
DEDUCTIONS			
Administrative expenses	15,238	26,089	9,228
Contractual services	842,195	-	-
Depreciation expense	5,620	-	-
Contributions to other governments	-	33,500	33,500
Debt service:			
Principal	-	220,000	130,000
Interest	-	800,548	628,439
Cost of issuance	-	-	-
Total Deductions	863,053	1,080,137	801,167
Change in fiduciary net position	121,144	125,580	95,759
Fiduciary Net Position - Beginning	1,821,106	(15,707,911)	(12,095,922)
Prior period restatement (Note 16)	-	18,223,949	14,492,195
Fiduciary Net Position - Beginning, Restated	1,821,106	2,516,038	2,396,273
Fiduciary Net Position - Ending	$ 1,942,250	$ 2,641,618	$ 2,492,032

CITY OF DIXON
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	CFD 209 Valley Glen II Debt	CFD 2019-1 Homestead Debt	Total
ADDITIONS			
Interest	$ 174,307	$ 104,091	$ 523,073
Property taxes	-	-	901,057
Assessments	1,247,717	1,317,518	4,466,395
Charges for services	-	-	39,948
Total Additions	1,422,024	1,421,609	5,930,473
DEDUCTIONS			
Administrative expenses	7,198,566	139,352	7,388,473
Contractual services	-	-	842,195
Depreciation expense	-	-	5,620
Contributions to other governments	-	8,841	75,841
Debt service:			
Principal	30,000	150,000	530,000
Interest	1,004,244	767,872	3,201,103
Cost of issuance	16,876	-	16,876
Total Deductions	8,249,686	1,066,065	12,060,108
Change in fiduciary net position	(6,827,662)	355,544	(6,129,635)
Fiduciary Net Position - Beginning	(12,413,398)	(17,584,159)	(55,980,284)
Prior period restatement (Note 16)	22,533,881	19,809,112	75,059,137
Fiduciary Net Position - Beginning, Restated	10,120,483	2,224,953	19,078,853
Fiduciary Net Position - Ending	$ 3,292,821	$ 2,580,497	$ 12,949,218

GENERAL FUNDS

The General Fund is the primary operating fund of the City. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. For the City, the general funds used by the City are shown below:

General Fund

This fund is the primary source for discretionary spending that is not restricted by the source of the funds received. It serves the administration, development services, community facilities, public safety, and non-departmental divisions.

Contingency Fund

This fund is used to separate out a portion of the general fund reserve. Interest earnings are normally the only transaction in this fund. The undesignated fund balance of the general fund and the contingency fund are added together for the general fund balance available to finance budgetary transactions.

Council Discretionary Fund

This fund was established to separate out expenditures which the City Council has set aside for particular purposes. Building Standards Administration fees and other onetime revenues are transferred into this fund from the General Fund. Currently, this fund is being used mainly to account for the General Plan activities.

Recreation Fund

This fund is used to account for programs such as classes of general interest, day camp, youth and adult sports leagues, and teen activities.

Planning Agreements Fund

This fund is used to account for developer deposits to cover the cost of planning services.

Equipment Replacement Fund

This fund is funded by a transfer from the General Funds and is used for the replacement of equipment.

Building Reserve Fund

This fund is used to account for expenditures related to building costs. It is funded by transfers made from time to time from the General Fund.

Infrastructure Reserve Fund

This fund was established to provide infrastructure reserves for the City. It is funded by transfers made from time to time from the General Fund.

Technology Replacement Fund

This fund was established to provide technology replacement reserves. It is funded by transfers made from time to time from the General Fund.

PERS Stabilization Fund

This fund was established to provide reserves to offset the employer portion of future PERS retirement cost increases. It is funded by a transfer from the General Fund.

Community Support Fund

This fund was established to reserve funds available for community support and is funded by 10% of the monthly lease revenues from the electronic sign.

GENERAL FUNDS

OPEB Reserve Fund

This fund was established to provide reserves to offset future other post-employment costs and is funded by a transfer from the General Fund.

Public Benefit Fund

This fund is used to account for revenues and enforcement expenses related to cannabis business and expenses identified as a public benefit.

User Technology Fee Fund

This fund is used to account for user fees collected from building permit customers. The purpose of the fee is to fund a permit tracking system.

Flexible Grant Fee Fund

This fund is used to account for grant fees collected.

Engineering Reimbursement Agreements Fund

This fund is used to account for engineering fees collected from reimbursement agreements

Community Development Reimbursement Agreements Fund

This fund was created to keep track of deposits, revenues and expenses related to the Community Development Reimbursement Agreements.

Flexible Spending Account Fund

This fund is used to account for cash on deposit by employees for the flexible spending program.

CITY OF DIXON
COMBINING BALANCE SHEET
GENERAL FUNDS
JUNE 30, 2025

	General	Contingency	Council Discretionary	Recreation
ASSETS				
Cash and investments	$ 14,516,916	$ 1,695,336	$ 2,439,104	$ 10,843
Receivables, net:				
Accounts	230,543	-	-	-
Taxes	2,992,274	-	-	-
Interest	96,281	11,689	16,140	83
Due from other governments	544,425	-	-	-
Notes and loans	141,891	-	-	-
Leases	890,207	-	-	-
Due from other funds	-	2,430	-	-
Inventory	753	-	-	-
Prepaid costs	874,553	-	-	-
Total Assets	$ 20,287,843	$ 1,709,455	$ 2,455,244	$ 10,926
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	$ 1,404,543	$ -	$ 15,584	$ -
Accrued liabilities	424	-	-	-
Accrued payroll and benefits	711,317	-	-	-
Unearned revenue	88,078	-	-	-
Deposits payable	114,172	-	-	-
Total Liabilities	2,318,534	-	15,584	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	368,396	-	-	-
Leases	825,518	-	-	-
Total Deferred Inflows of Resources	1,193,914	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable	1,016,444	-	-	-
Restricted	980	-	-	-
Committed	315,394	-	57,050	-
Assigned	-	-	-	-
Unassigned	15,442,577	1,709,455	2,382,610	10,926
Total Fund Balances (Deficits)	16,775,395	1,709,455	2,439,660	10,926
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$ 20,287,843	$ 1,709,455	$ 2,455,244	$ 10,926

CITY OF DIXON
COMBINING BALANCE SHEET
GENERAL FUNDS (CONTINUED)
JUNE 30, 2025

	Planning Agreements	Equipment Replacement	Building Reserve	Infrastructure Reserve
ASSETS				
Cash and investments	$ 503,847	$ 733,891	$ 288,139	$ 178,581
Receivables, net:				
Accounts	452,766	-	-	-
Taxes	-	-	-	-
Interest	-	5,053	1,984	1,229
Due from other governments	-	-	-	-
Notes and loans	-	-	-	-
Leases	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Prepaid costs	-	-	-	-
Total Assets	$ 956,613	$ 738,944	$ 290,123	$ 179,810
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	$ 210,253	$ -	$ -	$ -
Accrued liabilities	-	-	-	-
Accrued payroll and benefits	-	-	-	-
Unearned revenue	-	-	-	-
Deposits payable	599,954	-	-	-
Total Liabilities	810,207	-	-	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	434,141	-	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	434,141	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	738,944	290,123	179,810
Unassigned	(287,735)	-	-	-
Total Fund Balances (Deficits)	(287,735)	738,944	290,123	179,810
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$ 956,613	$ 738,944	$ 290,123	$ 179,810

CITY OF DIXON
COMBINING BALANCE SHEET
GENERAL FUNDS (CONTINUED)
JUNE 30, 2025

	Technology Replacement	PERS Stabilization Fund	Community Support	OPEB Reserve
ASSETS				
Cash and investments	$ 168,334	$ 507,731	$ 59,669	$ 2,340,060
Receivables, net:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Interest	1,159	3,496	272	16,111
Due from other governments	-	-	-	-
Notes and loans	-	-	-	-
Leases	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Prepaid costs	-	-	1,809	-
Total Assets	$ 169,493	$ 511,227	$ 61,750	$ 2,356,171
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	$ -	$ -	$ 18,135	$ -
Accrued liabilities	-	-	-	-
Accrued payroll and benefits	-	-	-	-
Unearned revenue	-	-	-	-
Deposits payable	-	-	-	-
Total Liabilities	-	-	18,135	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	1,809	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	169,493	511,227	-	2,356,171
Unassigned	-	-	41,806	-
Total Fund Balances (Deficits)	169,493	511,227	43,615	2,356,171
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$ 169,493	$ 511,227	$ 61,750	$ 2,356,171

CITY OF DIXON
COMBINING BALANCE SHEET
GENERAL FUNDS (CONTINUED)
JUNE 30, 2025

	Public Benefit	User Technology Fee	Flexible Grant Fee	Engineering Reimbursement Agreements
ASSETS				
Cash and investments	$ 718,026	$ 61,341	$ 1,871,652	$ 666,652
Receivables, net:				
Accounts	81,989	-	-	-
Taxes	-	-	-	-
Interest	6,694	410	12,860	-
Due from other governments	-	-	-	-
Notes and loans	-	-	-	-
Leases	-	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
Prepaid costs	-	-	-	-
Total Assets	$ 806,709	$ 61,751	$ 1,884,512	$ 666,652
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	$ 16,339	$ -	$ -	$ 166,288
Accrued liabilities	-	-	-	-
Accrued payroll and benefits	-	-	-	-
Unearned revenue	-	-	-	-
Deposits payable	-	-	-	-
Total Liabilities	16,339	-	-	166,288
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	-	-	-	-
Leases	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	500,364
Unassigned	790,370	61,751	1,884,512	-
Total Fund Balances (Deficits)	790,370	61,751	1,884,512	500,364
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$ 806,709	$ 61,751	$ 1,884,512	$ 666,652

CITY OF DIXON
COMBINING BALANCE SHEET
GENERAL FUNDS (CONTINUED)
JUNE 30, 2025

	Community Development Reimbursement Agreements	Flexible Spending Account	Total Governmental Funds
ASSETS			
Cash and investments	$ 288,049	$ 9,408	$ 27,057,579
Receivables, net:			
Accounts	-	-	765,298
Taxes	-	-	2,992,274
Interest	-	-	173,461
Due from other governments	-	-	544,425
Notes and loans	-	-	141,891
Leases	-	-	890,207
Due from other funds	-	-	2,430
Inventory	-	-	753
Prepaid costs	-	-	876,362
Total Assets	$ 288,049	$ 9,408	$ 33,444,680
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts payable	$ 13,020	$ -	$ 1,844,162
Accrued liabilities	-	-	424
Accrued payroll and benefits	-	9,408	720,725
Unearned revenue	-	-	88,078
Deposits payable	213,192	-	927,318
Total Liabilities	226,212	9,408	3,580,707
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	-	802,537
Leases	-	-	825,518
Total Deferred Inflows of Resources	-	-	1,628,055
FUND BALANCES (DEFICITS)			
Nonspendable	-	-	1,018,253
Restricted	-	-	980
Committed	-	-	372,444
Assigned	61,837	-	4,807,969
Unassigned	-	-	22,036,272
Total Fund Balances (Deficits)	61,837	-	28,235,918
Total Liabilities, Deferred Inflows of Resources and Fund Balances (Deficits)	$ 288,049	$ 9,408	$ 33,444,680

CITY OF DIXON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	General	Contingency	Council Discretionary	Recreation
REVENUES				
Taxes	$ 23,391,115	$ -	$ -	$ -
Assessments	274,228	-	-	-
Licenses and permits	1,088,610	-	307,092	-
Use of money and property	854,910	90,322	119,415	619
Intergovernmental	448,653	-	-	-
Charges for services	2,948,889	-	-	3,207
Contributions	57,082	-	-	-
Other revenues	438,004	-	-	-
Total Revenues	29,501,491	90,322	426,507	3,826
EXPENDITURES				
Current operations:				
General government	6,785,723	-	46,740	-
Public safety	15,870,451	-	-	-
Public works	4,989,841	-	-	-
Community development	1,160,616	-	-	-
Parks and recreation	668,041	-	-	-
Capital outlay	341,995	-	-	-
Debt service:				
Principal	111,708	-	-	-
Interest and fiscal charges	47,826	-	-	-
Total Expenditures	29,976,201	-	46,740	-
Excess (deficiency) of revenues over expenditures	(474,710)	90,322	379,767	3,826
OTHER FINANCING SOURCES (USES)				
Transfers in	2,192,819	-	-	-
Transfers out	(267,420)	-	-	(4,927)
Total Other Financing Sources (Uses)	1,925,399	-	-	(4,927)
Net change in fund balances (deficits)	1,450,689	90,322	379,767	(1,101)
Fund balance (deficit) July 1, 2024	15,559,762	1,619,133	2,059,893	12,027
Prior period restatement (Note 16)	(235,056)	-	-	-
Fund balance (deficit) July 1, 2024, restated	15,324,706	1,619,133	2,059,893	12,027
Fund balance (deficit) June 30, 2025	$ 16,775,395	$ 1,709,455	$ 2,439,660	$ 10,926

CITY OF DIXON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	Planning Agreements	Equipment Replacement	Building Reserve	Infrastructure Reserve
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Use of money and property	-	37,969	14,963	9,273
Intergovernmental	-	4,743	-	-
Charges for services	-	-	-	-
Contributions	-	-	-	-
Other revenues	3,073,735	3,817	-	-
Total Revenues	3,073,735	46,529	14,963	9,273
EXPENDITURES				
Current operations:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	2,354,341	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	2,354,341	-	-	-
Excess (deficiency) of revenues over expenditures	719,394	46,529	14,963	9,273
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net change in fund balances (deficits)	719,394	46,529	14,963	9,273
Fund balance (deficit) July 1, 2024	(1,007,129)	692,415	275,160	170,537
Prior period restatement (Note 16)	-	-	-	-
Fund balance (deficit) July 1, 2024, restated	(1,007,129)	692,415	275,160	170,537
Fund balance (deficit) June 30, 2025	$ (287,735)	$ 738,944	$ 290,123	$ 179,810

CITY OF DIXON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	Technology Replacement	PERS Stabilization Fund	Community Support	OPEB Reserve
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Assessments	-	-	-	-
Licenses and permits	-	-	-	-
Use of money and property	8,033	26,366	13,890	121,517
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Contributions	-	-	-	-
Other revenues	-	-	-	-
Total Revenues	8,033	26,366	13,890	121,517
EXPENDITURES				
Current operations:				
General government	-	-	51,693	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	51,693	-
Excess (deficiency) of revenues over expenditures	8,033	26,366	(37,803)	121,517
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	44,193	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	44,193	-
Net change in fund balances (deficits)	8,033	26,366	6,390	121,517
Fund balance (deficit) July 1, 2024	161,460	484,861	37,225	2,234,654
Prior period restatement (Note 16)	-	-	-	-
Fund balance (deficit) July 1, 2024, restated	161,460	484,861	37,225	2,234,654
Fund balance (deficit) June 30, 2025	$ 169,493	$ 511,227	$ 43,615	$ 2,356,171

CITY OF DIXON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	Public Benefit	User Technology Fee	Flexible Grant Fee	Engineering Reimbursement Agreements
REVENUES				
Taxes	$ -	$ -	$ -	$ -
Assessments	1,135,080	-	-	-
Licenses and permits	-	91,291	-	-
Use of money and property	46,490	3,980	107,505	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	(1,074,704)
Contributions	-	-	305,805	-
Other revenues	-	-	-	-
Total Revenues	1,181,570	95,271	413,310	(1,074,704)
EXPENDITURES				
Current operations:				
General government	84,828	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Community development	-	110,885	-	415,934
Parks and recreation	-	-	-	-
Capital outlay	-	84,095	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	84,828	194,980	-	415,934
Excess (deficiency) of revenues over expenditures	1,096,742	(99,709)	413,310	(1,490,638)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(931,659)	-	(493,911)	-
Total Other Financing Sources (Uses)	(931,659)	-	(493,911)	-
Net change in fund balances (deficits)	165,083	(99,709)	(80,601)	(1,490,638)
Fund balance (deficit) July 1, 2024	625,287	161,460	1,965,113	1,991,002
Prior period restatement (Note 16)	-	-	-	-
Fund balance (deficit) July 1, 2024, restated	625,287	161,460	1,965,113	1,991,002
Fund balance (deficit) June 30, 2025	$ 790,370	$ 61,751	$ 1,884,512	$ 500,364

CITY OF DIXON
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2025

	Community Development Reimbursement Agreements	Flexible Spending Account	Total Governmental Funds
REVENUES			
Taxes	$ -	$ -	$ 23,391,115
Assessments	-	-	1,409,308
Licenses and permits	-	-	1,486,993
Use of money and property	-	-	1,455,252
Intergovernmental	-	-	453,396
Charges for services	501,491	-	2,378,883
Contributions	-	-	362,887
Other revenues	-	-	3,515,556
Total Revenues	501,491	-	34,453,390
EXPENDITURES			
Current operations:			
General government	-	-	6,968,984
Public safety	-	-	15,870,451
Public works	-	-	4,989,841
Community development	405,280	-	4,447,056
Parks and recreation	-	-	668,041
Capital outlay	-	-	426,090
Debt service:			
Principal	-	-	111,708
Interest and fiscal charges	-	-	47,826
Total Expenditures	405,280	-	33,529,997
Excess (deficiency) of revenues over expenditures	96,211	-	923,393
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	2,237,012
Transfers out	-	-	(1,697,917)
Total Other Financing Sources (Uses)	-	-	539,095
Net change in fund balances (deficits)	96,211	-	1,462,488
Fund balance (deficit) July 1, 2024	(34,374)	-	27,008,486
Prior period restatement (Note 16)	-	-	(235,056)
Fund balance (deficit) July 1, 2024, restated	(34,374)	-	26,773,430
Fund balance (deficit) June 30, 2025	$ 61,837	$ -	$ 28,235,918

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City's annual comprehensive 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.

Contents

Source: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF DIXON
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS (in thousands of dollars)
(accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net Invested in Capital Assets	$ 126,419	$ 123,481	$ 120,593	$ 119,540	$ 123,094	$ 120,925	$ 121,351	$ 121,410	$ 118,938	$ 116,026
Restricted	15,217	12,948	12,901	16,700	25,348	24,517	38,184	44,607	58,168	70,015
Unrestricted	(8,679)	(4,444)	(3,373)	(1,747)	(4,057)	7,734	8,276	1,908	9,537	7,583
Total Governmental Activities Net Position	132,957	131,985	130,121	134,493	144,386	153,176	167,812	167,925	186,642	193,625
Business-type activities										
Net Invested in Capital Assets	$ 53,344	$ 51,835	$ 51,245	$ 50,265	$ 49,183	$ 48,624	$ 47,734	$ 46,576	$ 47,804	$ 47,240
Restricted	752	752	752	601	361	340	339	341	348	240
Unrestricted	7,119	9,640	9,635	11,485	16,085	22,229	27,377	31,867	37,355	40,684
Total Business-Type Activities Net Position	$ 61,215	$ 62,227	$ 61,632	$ 62,351	$ 65,629	$ 71,193	$ 75,450	$ 78,785	$ 85,507	$ 88,164
Primary government										
Net Invested in Capital Assets	$ 179,763	$ 175,316	$ 171,839	$ 169,805	$ 172,277	$ 169,549	$ 169,085	$ 167,986	$ 166,741	$ 163,267
Restricted	15,969	13,700	13,653	17,301	25,710	24,857	38,523	44,949	58,516	70,255
Unrestricted	(1,560)	5,196	6,261	9,738	12,029	29,963	35,654	33,775	46,892	48,267
Total Primary Government Net Position	$ 194,172	$ 194,212	$ 191,753	$ 196,845	$ 210,015	$ 224,369	$ 243,262	$ 246,711	$ 272,150	$ 281,789

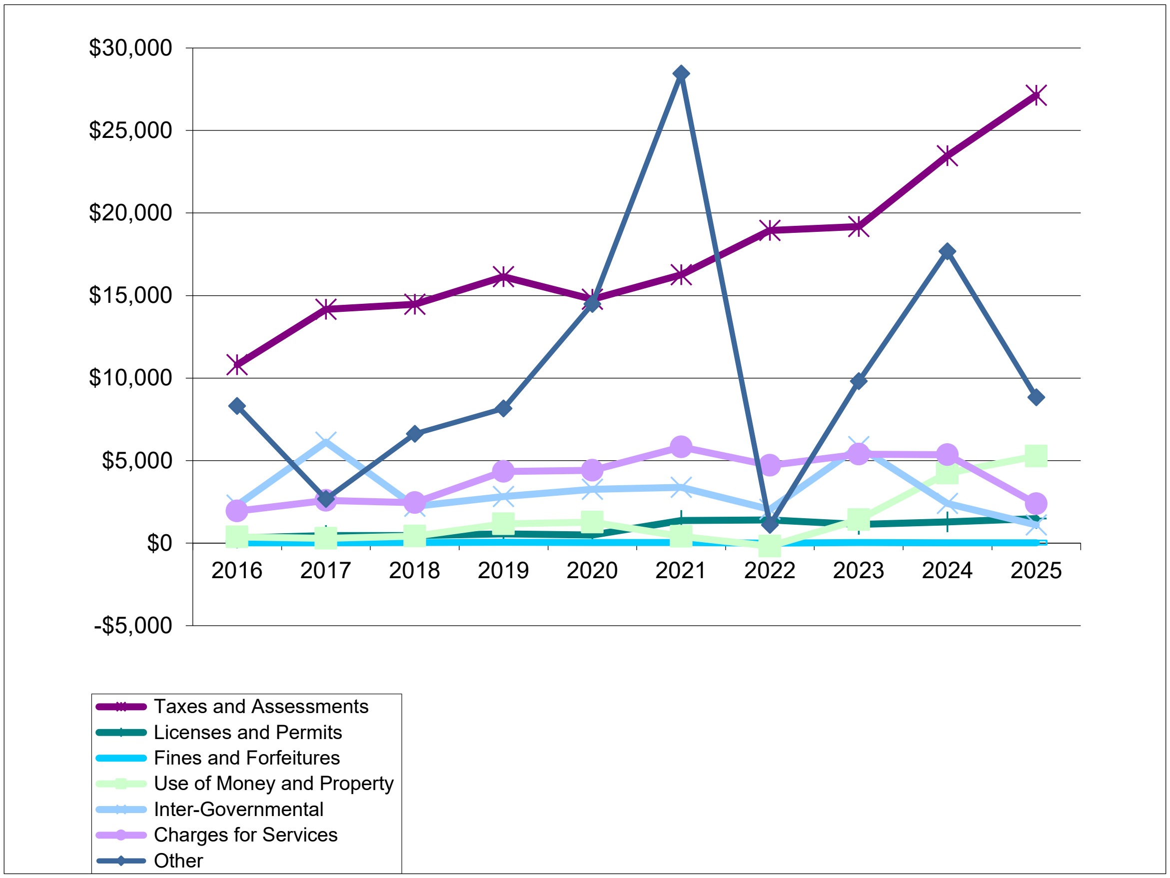
Source: City of Dixon Finance

CITY OF DIXON
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental Activities:										
General government	$ 2,941	$ 2,904	$ 3,366	$ 4,691	$ 4,201	$ 4,629	$ 4,806	$ 6,187	$ 5,673	$ 9,017
Public safety	8,033	8,057	10,365	11,273	12,493	13,534	11,965	14,494	16,564	17,267
Public ways and facilities	7,393	9,742	11,737	9,657	8,625	24,420	12,078	5,698	6,915	9,191
Parks and recreation	2,350	2,491	2,706	2,775	2,790	2,482	3,783	4,022	4,176	913
Development	988	4,170	740	1,121	1,197	2,933	3,412	3,410	3,184	4,150
Interest and fiscal charges	45	37	30	22	62	67	77	1	-	84
Total government activity expenses	$ 21,750	$ 27,403	$ 28,943	$ 29,539	$ 29,368	$ 48,065	$ 36,120	$ 33,812	$ 36,512	$ 40,623
Business-type activities:										
Sewer	2,937	3,145	4,646	4,247	4,535	4,774	5,224	4,413	4,819	5,650
Water	1,711	1,883	2,052	2,927	2,364	2,404	1,002	2,416	2,856	3,098
Transit	692	658	1,184	843	985	1,091	2,554	896	1,087	1,154
Total business-type activities expenses	5,340	5,685	7,882	8,017	7,884	8,269	8,780	7,725	8,761	9,901
Total primary government expenses	$ 27,090	$ 33,088	$ 36,825	$ 37,556	$ 37,252	$ 56,334	$ 44,900	$ 41,537	$ 45,273	$ 50,524
Program Revenues										
Charges for Services										
General government	213	289	456	718	706	734	1,079	3,260	3,745	1,963
Public safety	989	1,007	1,248	2,101	1,339	1,971	2,162	1,937	2,431	1,861
Parks and recreation	471	1,408	1,218	1,374	1,371	5,899	5,242	3,469	6,318	1,721
Development	414	3,680	14	754	1,231	1,674	911	859	1,030	1,608
Public ways and facilities	987	2,114	1,819	2,283	2,585	5,068	5,268	4,619	5,747	1,255
Operating grants	1,237	1,378	1,154	1,492	1,251	6,115	5,430	3,917	6,508	1,044
Capital grants	7,070	41	4,424	5,115	11,433	15,284	8,805	924	2,105	4,190
Total governmental activities	11,381	9,917	10,334	13,837	19,916	36,745	28,896	18,984	27,884	13,642
Business-type activities:										
Charges for services	4,827	5,570	6,485	7,004	8,814	8,226	7,103	7,185	7,556	8,457
Operating grants and contributions	-	-	793	782	1,007	1,116	1,197	597	611	1,187
Capital grants and contributions	654	617	145	52	173	285	-	-	669	-
Total business-type activities	5,481	6,188	7,423	7,838	9,994	9,627	8,300	7,782	8,836	9,644
Total primary government	$ 16,862	$ 16,105	$ 17,757	$ 21,675	$ 29,910	$ 46,372	$ 37,196	$ 26,767	$ 36,720	$ 23,286
Net (Expense)/Revenue										
Governmental activities	$ (10,369)	$ (17,486)	$ (18,610)	$ (15,703)	$ (9,453)	$ (11,320)	$ (7,224)	$ (14,827)	$ (8,628)	$ (26,980)
Business-type activities	141	503	(459)	(179)	2,110	1,358	(480)	58	75	(257)
Total primary government	$ (10,228)	$ (16,983)	$ (19,069)	$ (15,881)	$ (7,343)	$ (9,962)	$ (7,704)	$ (14,770)	$ (8,553)	$ (27,238)
General Revenues										
Government Activities										
Taxes										
Sales and use taxes	5,825	8,783	8,686	10,037	8,587	10,148	12,321	12,021	11,639	12,743
Property taxes	3,572	3,891	4,149	4,388	4,668	4,690	5,068	5,490	5,897	6,766
Motor vehicle and gas taxes	1,766	1,782	2,028	2,418	2,518	2,637	2,803	3,038	3,303	2,592
Franchise taxes	589	594	637	625	635	678	754	841	901	953
Transient occupancy taxes	505	564	575	618	464	418	524	529	441	358
Interest and Investment	342	141	426	1,170	1,268	414	(473)	1,463	4,238	5,540
Rental income	26	150	-	-	-	-	-	-	-	-
Gain on sale of capital assets	-	-	154	-	-	-	-	-	-	-
Other revenue	91	92	103	92	382	386	141	144	158	4,417
Transfers In	520	518	997	727	823	735	633	683	767	828
Total governmental activities	13,236	16,513	17,756	20,076	19,345	20,106	21,769	24,209	27,344	34,198
Business-type Activities										
Interest and investment	70	46	95	429	1,403	116	(595)	613	1,636	2,182
Other revenue	(63)	280	112	469	(235)	4,091	5,331	2,789	4,908	732
Total business-type activities	7	327	207	898	1,168	4,207	4,736	3,401	6,544	2,914
Total primary government	$ 13,243	$ 16,840	$ 17,962	$ 20,973	$ 20,513	$ 24,313	$ 26,505	$ 27,610	$ 33,888	$ 37,112
Change in Net Position										
Governmental activities	$ 2,867	$ (972)	$ (854)	$ 4,373	$ 9,892	$ 8,786	$ 14,545	$ 9,382	$ 18,717	$ 7,217
Business-type activities	148	829	(252)	719	3,278	5,565	4,256	3,459	6,619	2,657
Total primary government	$ 3,015	$ (143)	$ (1,106)	$ 5,092	$ 13,171	$ 14,351	$ 18,801	$ 12,840	$ 25,336	$ 9,874

Source: City of Dixon Finance

CITY OF DIXON
GOVERNMENTAL FUNDS REVENUES BY SOURCE
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)



Fiscal Year	Taxes and Assessments	Licenses and Permits	Fines and Forfeitures	Use of Money and Property	Inter-Governmental	Charges for Services	Other	Total
2016	10,805	309	17	368	2,299	1,942	8,312	24,052
2017	14,166	458	19	290	6,121	2,582	2,674	26,310
2018	14,465	466	32	426	2,240	2,458	6,622	26,709
2019	16,144	556	52	1,170	2,820	4,334	8,165	33,241
2020	14,774	493	35	1,268	3,264	4,418	14,495	38,747
2021	16,266	1,363	39	414	3,384	5,823	28,442	55,731
2022	18,941	1,411	-	(183)	2,040	4,715	1,102	28,026
2023	19,181	1,133	32	1,423	5,845	5,395	9,808	42,817
2024	23,475	1,290	18	4,238	2,407	5,348	17,686	54,462
2025	27,133	1,487	21	5,277	1,103	2,384	8,827	46,232

CITY OF DIXON
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (in thousands)
(modified accrual basis of accounting)

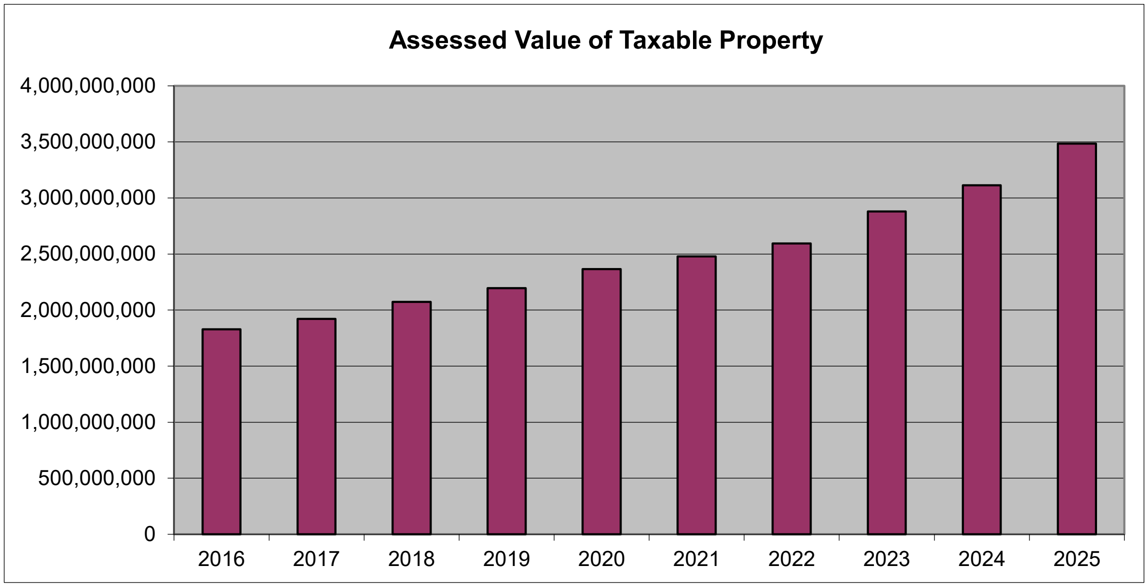
	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	596	785	758	650	760	601	540	772	950	1,018
Restricted	1	1	1	1	1	1,581	1	1	1	1
Committed	-	-	-	-	-	-	-	761	291	372
Assigned	1,401	1,961	2,304	2,844	3,397	3,499	3,687	3,708	4,632	4,808
Unassigned	5,906	9,332	11,520	12,961	12,131	13,730	15,682	17,211	21,134	22,036
Total General Fund	$ 7,903	$ 12,078	$ 14,584	$ 16,456	$ 16,289	$ 19,411	$ 19,909	$ 22,454	$ 27,008	$ 28,236
All Other Governmental Funds										
Nonspendable	-	-	-	-	-	94	-	-	-	-
Restricted	15,216	12,947	12,900	16,699	25,347	24,516	38,211	44,607	57,975	70,014
Committed	-	-	-	-	-	8,540	8,886	2,720	3,411	1,359
Assigned	594	464	405	1,763	1,133	636	17	0	1,333	-
Unassigned	(1,492)	(1,357)	(1,226)	(1,235)	(1,081)	(106)	(11)	(2,990)	(890)	-
Total all other Governmental Funds	$ 14,318	$ 12,054	$ 12,079	$ 17,227	$ 25,399	$ 33,680	$ 47,102	$ 44,337	$ 61,829	$ 71,374

Source: City of Dixon Finance

CITY OF DIXON
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (in thousands)
(modified accrual basis of accounting)

	Fiscal Year										
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues											
Taxes and assessments	$ 9,703	$ 10,805	$ 14,166	$ 14,465	$ 16,144	$ 14,774	$ 16,266	$ 18,941	$ 19,181	$ 23,475	$ 27,133
Licenses, permits, and fees	356	310	458	466	556	493	1,363	1,411	1,133	1,290	1,487
Fines and forfeitures	17	17	19	32	52	35	39	29	32	18	21
Use of money and property	237	368	290	426	1,170	1,268	414	(473)	1,463	4,238	5,277
Program income	184	83	39	105	34	21	94	157	267	150	735
Intergovernmental revenues	3,625	2,299	6,121	2,240	2,820	3,264	3,383	4,692	5,845	2,407	1,103
Charges for service	2,912	1,942	2,582	2,458	4,334	4,418	5,822	5,469	5,395	5,348	2,384
Contributions	1,026	7,752	691	4,584	5,317	11,420	14,748	5,305	611	16,165	4,736
Developer fees	129	343	1,621	1,496	2,095	2,103	12,764	14,348	8,273	-	-
Other revenues	183	134	323	438	719	951	838	583	656	1,372	3,355
Total revenues	18,372	24,053	26,310	26,709	33,241	38,747	55,731	50,461	42,856	54,462	46,232
Expenditures											
General government	2,747	3,088	2,848	3,463	3,993	3,701	4,235	4,678	5,322	5,871	6,969
Public safety	7,709	8,013	8,148	9,170	10,048	11,204	12,445	12,325	13,958	14,954	15,978
Parks and recreation	1,399	1,635	1,811	1,997	2,063	2,057	2,460	2,690	2,933	3,213	668
Development	1,970	977	4,153	728	1,111	1,188	1,868	3,360	3,344	3,119	4,467
Public ways and facilities	1,653	3,973	6,358	7,322	6,296	5,286	21,194	8,548	4,143	3,892	6,014
Debt service - Principal	211	217	228	234	244	290	369	62	76	573	112
Debt service - Lease Principal	-	-	-	-	-	-	-	280	424	-	-
Debt service - Interest	53	46	39	32	24	58	69	78	1	-	48
Capital outlay	894	668	1,332	2,385	3,169	9,212	2,424	5,553	5,936	1,559	1,797
Total expenditures	16,636	18,617	24,918	25,331	26,948	32,998	45,064	37,574	36,135	33,182	36,053
Excess of revenues over (under) expenditures	1,736	5,436	1,393	1,378	6,293	5,749	10,667	12,888	6,721	21,280	10,179
Other financing sources (uses)											
Transfers in	1,457	1,142	1,332	2,501	2,720	4,808	3,232	3,838	3,107	3,015	2,065
Transfers out	(1,027)	(622)	(813)	(1,504)	(1,993)	(3,986)	(2,496)	(3,205)	(2,424)	(2,248)	(1,237)
Proceeds from sale of capital asset	-	-	-	156	-	-	-	-	-	-	-
Notes and Loans Issued	-	-	-	-	-	1,434	-	-	-	-	-
Leases	-	-	-	-	-	-	-	291	43	-	-
Subscription Financing	-	-	-	-	-	-	-	-	767	-	-
Total other financing sources	430	520	518	1,153	727	2,256	736	924	1,493	767	828
Restatements	-	-	-	-	-	-	-	108	(8,434)	-	(235)
Net change in fund balance	$ 2,166	$ 5,956	$ 1,911	$ 2,531	$ 7,020	$ 8,005	$ 11,403	$ 13,919	$ (221)	$ 22,047	$ 10,772
Debt service as a % of noncapital expenditures	1.7%	1.5%	1.1%	1.2%	1.1%	1.5%	1.0%	0.4%	0.3%	1.8%	0.5%

CITY OF DIXON
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS



Property Taxes - Primary Own-Source Revenue

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value
2016	1,261,073,709	180,976,833	248,802,965	138,455,906	1,829,309,413	0.18780%	3,435,443
2017	1,346,879,135	187,276,629	248,882,804	138,770,795	1,921,809,363	0.18672%	3,588,402
2018	1,464,920,871	194,356,154	251,565,411	161,662,048	2,072,504,484	0.18521%	3,838,486
2019	1,577,521,944	199,680,816	252,170,597	165,599,765	2,194,973,122	0.18454%	4,050,603
2020	1,708,361,104	212,638,097	260,965,104	184,051,686	2,366,015,991	0.18330%	4,336,907
2021	1,783,794,762	225,836,326	261,800,452	206,688,417	2,478,119,957	0.18381%	4,555,032
2022	1,879,520,330	230,005,282	261,198,738	222,259,948	2,592,984,298	0.17894%	4,639,886
2023	2,139,427,838	253,281,903	268,675,573	219,094,478	2,880,479,792	0.17789%	5,124,086
2024	2,340,936,585	260,082,077	292,761,647	219,027,974	3,112,808,283	0.17080%	5,316,677
2025	2,610,671,865	266,194,707	368,412,986	238,248,944	3,483,528,502	0.17080%	5,949,867

Notes:

[a] Includes "supplemental roll" tax receipts for property transfer after "lien date" (collections can exceed 100% of levy).

[b] Taxes receipted net of administrative collections (SB-2557) charges and redevelopment pass-thrus.

Source : HdL, Coren & Cone

CITY OF DIXON
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Per $100 of Assessed Value)

Fiscal Year	Basic County City School Levy	Dixon Unified School District	Solano County Flood Water Project	Solano Community College	Total Direct and Overlapping Rates	Total Direct Rate
2016	1.00	0.04833	0.02	0.03492	1.10325	0.18780
2017	1.00	0.05713	0.02	0.03504	1.11217	0.18672
2018	1.00	0.09224	0.02	0.02442	1.13666	0.18521
2019	1.00	0.08411	0.02	0.03889	1.14300	0.18406
2020	1.00	0.07270	0.02	0.03204	1.12474	0.18330
2021	1.00	0.07207	0.02	0.03164	1.12371	0.18381
2022	1.00	0.07744	0.02	0.03313	1.13057	0.17894
2023	1.00	0.07587	0.02	0.02621	1.12208	0.17789
2024	1.00	0.06353	0.02	0.03270	1.11623	0.17080
2025	1.00	0.07648	0.02	0.03143	1.12791	0.17080

Source: HdL, Coren & Cone

CITY OF DIXON
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND TEN YEARS PRIOR

	2024-25				2015-16			
Taxpayer	Rank		Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank		Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Genentech Inc	1	$	77,606,453	2.49%				
CH LH Dixon Owner	2	$	59,125,932	1.90%				
Basalite Concrete Products, LLC	3	$	43,906,969	1.41%	2	$	31,150,960	1.46%
Dixon Vaughn Holdings LLC	4	$	31,519,100	1.01%	3	$	26,416,514	1.46%
Avanth Lincoln Creek	5	$	29,674,195	0.95%				
Richmond American Homes MD Inc	6	$	29,222,173	0.94%				
Cardinal Health Inc.	7	$	25,383,100	0.82%	5	$	21,843,971	1.29%
Walmart Real Estate Business Trust	8	$	25,097,443	0.81%	4	$	22,365,617	0.75%
RCI Dixon Owner LLC	9	$	24,865,560	0.80%				
California Water Service Company	10	$	23,569,620	0.76%	6	$	14,084,575	0.80%
Not Available					1	$	94,532,059	0.80%
Insulfoam LLC					7	$	13,527,535	0.80%
Gymboree Manufacturing, Inc					8	$	12,010,450	0.80%
Meadowwood Apartments LLC					9	$	10,450,912	0.58%
Robert A Robben Trust					10	$	10,313,636	0.58%
Top Ten Totals		$	369,970,545	11.89%		$	256,696,229	9.32%
City Total Taxable Assessed Value		$	3,112,808,283			$	1,772,083,157	

Notes: [1] Taxpayer name is undisclosed due to non-disclosure agreement with City of Dixon

Source: Hdl, Coren & Cone

CITY OF DIXON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (in thousands)

		Collected within the Fiscal Year of the Levy[1]			Collections to Date	
Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Amount	Percent of Levy	Collection in Subsequent Years	Amount	Percentage of Levy
2016	3,097	3,097	100.00%	-	3,097	100.00%
2017	3,227	3,227	100.00%		3,227	100.00%
2018	3,457	3,457	100.00%	-	3,457	100.00%
2019	3,688	3,688	100.00%	-	3,688	100.00%
2020	3,895	3,895	100.00%	-	3,895	100.00%
2021	3,998	3,998	100.00%	-	3,998	100.00%
2022	4,238	4,238	100.00%	-	4,238	100.00%
2023	4,667	4,667	100.00%	-	4,667	100.00%
2024	5,067	5,067	100.00%	-	5,067	100.00%
2025	5,680	5,680	100.00%	-	5,680	100.00%

Property tax for the City of Dixon is distributed to the different governmental agencies under the State mandated alternate method of apportioning taxes (commonly referred to as the "Teeter Plan") whereby all local agencies, including cities, receive from the county 100% of their respective shares of the ad valorem taxes levied, without regard to the actual collection of the taxes levied. This method was placed in effect by Solano County in the 1965-66 tax year and remains in effect unless the County Board of Supervisors orders its discontinuance.

CITY OF DIXON
SALES TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Per $1 of Taxable Sale)

Fiscal Year	State Sales & Use Tax	Basic County Sales & Use Tax	Solano County Public Library Transaction & Use Tax	City of Dixon Use Tax	Total Sales & Use Tax Rate
2015	6.50	1.00	0.125	-	7.625
2016	6.50	1.00	0.125	-	7.625
2017	6.00	1.25	0.125	-	7.375
2018	6.00	1.25	0.125	-	7.375
2019	6.00	1.25	0.125	-	7.375
2020	6.00	1.25	0.125	-	7.375
2021	6.00	1.25	0.125	-	7.375
2022	6.00	1.25	0.125	-	7.375
2023	6.00	1.25	0.125	-	7.375
2024	6.00	1.25	0.125	-	7.375
2025	6.00	1.25	0.125	1.000	8.375

Source: California Department of Tax and Fee Administration

CITY OF DIXON
Top 25 Sales Tax Producers
Fiscal Year 2024 and 2015
(In Alphabetical Order)

FY 2023-24		FY 2014-15	
Business Name	Business Category	Business Name	Business Category
7 Eleven	Service Stations	Air Perfection	Contractors
Altec Industries	Heavy Industrial	Altec Industries	Heavy Industrial
Altec Service Center	Transporation/Rentals	Altec Service Center	Transportation/Rentals
Arco AM PM	Service Stations	ARCO	Service Stations
Basalite Concrete Products	Contractors	Basalite Concrete Products	Contractors
Beacon Gas	Service Stations	Baxter Healthcare	Medical/Biotech
Cardinal Health	Medical/Biotech	Cardinal Health	Medical/Biotech
Cattlemens	Casual Dining	Cattlemens	Casual Dining
Chevron	Service Stations	Chevron	Service Stations
Dixon Popeyes	Service Stations	Chevron	Service Stations
Gone Fishin' Marine	Boats/Motorcycles	Design Space Modular Buildings	Contractors
Highway 80 Dispensary	Cannabis Related	Dixon Popeyes	Service Stations
KUIU	Sporting Goods/Bike Stores	Gone Fishin' Marine	Boats/Motorcycles
McDonald's	Quick-Service Restaurants	Gymboree	Fulfillment Centers
Pape Machinery	Warehouse/Farm/Const. Equip	Ramos Dixon Shell	Petroleum Prod/Equipment
Powerscreen	Heavy Industrial	Ron Du Pratt Ford	New Motor Vehicle Dealers
Ramos Dixon Shell	Petroleum Prod/Equipment	Safeway	Grocery Stores
Ron Du Pratt Ford	New Motor Vehicle Dealers	Safeway Fuel	Service Stations
Safeway	Grocery Stores	SEC Auto Solutions	Trailers/Auto Parts
Safeway Fuel	Service Stations	Texaco	Service Stations
Sidhu Chevron	Service Stations	Tractor Supply	Garden/Agricultural Supplies
TEC Equipment	Trailers/Auto Parts	Valero	Service Stations
Texaco	Service Stations	Valley Truck & Tractor	Warehouse/Farm/Const. Equip
Tractor Supply	Garden/Agricultural Supplies	Walmart Supercenter	Discount Dept Stores
Walmart Supercenter	Discount Dept Stores	Wilbur Ellis	Garden/Agricultural Supplies

Percent of Fiscal Year Total Paid by Top 25 Accounts = 88.65%

Percent of Fiscal Year Total Paid by Top 25 Accounts = 84.80%

Source: Hdl, Coren & Cone

CITY OF DIXON
TAXABLE SALES BY CATEGORY
LAST TEN CALENDAR YEARS (in thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Major Business Groups										
Aparrel Stores	320	254	245	276	271	200	218	352	365	207
Eating and Drinking Places	34,694	35,804	36,244	40,057	44,187	37,711	49,194	54,678	54,158	56,788
Building Materials	27,740	27,300	29,227	31,004	29,035	30,591	36,027	32,906	33,137	22,391
Service Stations	61,539	58,887	61,216	74,418	73,080	58,531	82,517	103,904	86,682	74,449
Other Retail Stores	126,866	152,636	165,049	171,302	190,442	232,261	267,915	251,196	278,039	268,011
All other outlets	272,028	436,152	595,159	604,946	603,396	616,025	680,162	731,679	739,008	727,644
Fiscal Year Totals	$ 523,187	$ 711,033	$ 887,140	$ 922,003	$ 940,411	$ 975,319	$ 1,116,033	$ 1,174,715	$ 1,191,389	$ 1,149,490

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the source of the City's revenue.

Source: State of California Board of Equalization, California Department of Taxes and Fees Administration, State Controller's Office, and The HdL Companies

CITY OF DIXON
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(amounts expressed in thousands, except per capita amount)

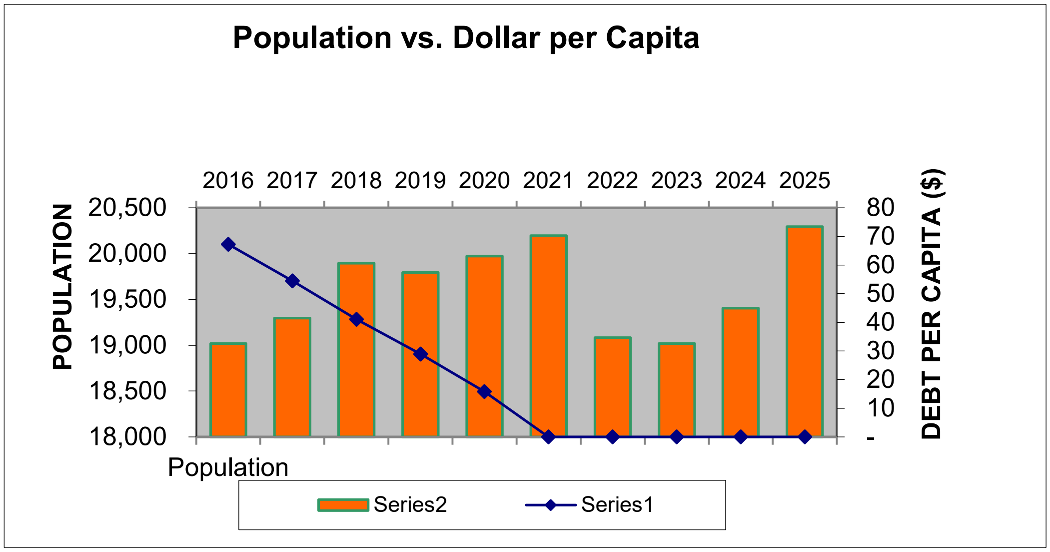
	Governmental Activities				Business-Type Activities									
Fiscal Year	Lease Revenue Bonds	Solar Panel Loan	Leases	Subscriptions Payable	Leases	Subscriptions Payable	Wastewater Revenue Bonds	State Revolving Loan	Total Primary Government	Percent of Personal Income[1]	Population	Debt per Capita	Assessed Value	Personal Income (thousands of dollars)
2016	1,279	-	-	-	-	-	785	21,301	23,364	4.56%	19,018	1,229	1,829,309	$ 512,166
2017	1,051	-	-	-	-	-	639	27,515	29,205	5.89%	19,298	1,513	1,921,809	$ 496,039
2018	817	-	-	-	-	-	486	27,245	28,549	5.72%	19,896	1,435	2,072,504	$ 498,802
2019	574	-	-	-	-	-	328	26,041	26,942	5.36%	19,794	1,361	2,194,973	$ 502,949
2020	315	1,402	-	-	-	-	164	24,814	26,695	4.97%	19,972	1,337	2,366,016	$ 536,930
2021	53	1,347	-	-	-	-	-	23,564	24,964	4.24%	20,197	1,236	2,478,120	$ 588,330
2022	-	1,280	-	-	-	-	-	22,289	23,569	3.70%	19,083	1,235	2,592,984	$ 636,390
2023	-	1,210	669	727	68	-	-	20,991	23,665	3.72%	19,018	1,244	2,880,480	$ 636,390
2024	-	1,117	453	894	104	41	-	19,668	22,278	3.31%	19,309	1,154	3,112,808	$ 673,470
2025	-	1,006	1,792	690	176	27	-	18,320	22,011	2.88%	19,309	1,140	3,483,529	$ 764,647

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

[1] See the Schedule of Demographic Statistics for personal income and population data.

Source: City of Dixon Finance

CITY OF DIXON
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS YEARS



Fiscal Year	Lease Revenue Bonds	Total Primary Government	Percent of Assessed Value	Population	Debt per Capita	Assessed Value
2016	1,279	1,279	0.070%	19,018	67	1,829,309
2017	1,051	1,051	0.055%	19,298	54	1,921,809
2018	817	817	0.039%	19,896	41	2,072,504
2019	574	574	0.026%	19,794	29	2,194,973
2020	315	315	0.013%	19,972	16	2,366,016
2021	53	-	0.000%	20,197	-	2,478,120
2022	-	-	0.000%	19,083	-	2,592,984
2023	-	-	0.000%	19,018	-	2,880,480
2024	-	-	0.000%	19,403	-	3,112,808
2025	-	-	0.000%	20,296	-	3,483,529

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Source: City of Dixon Finance and HDL

CITY OF DIXON
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2025

2024-25 Assessed Valuation :	$	3,481,775,987
Redevelopment Incremental Valuation:		-
Adjusted assessed Valuation:	$	3,481,775,987

Overlapping Tax and Assessment Debt	% Applicable [1]		Total Debt 6/30/2025	City's Share of Debt 6/30/2025
Solano County Community College District	4.838%	$	351,752,581	17,017,790
Dixon Unified School District	74.247%		49,581,999	36,813,147
City of Dixon CFD No. 2013-1	100.000%		17,740,000	17,740,000
City of Dixon CFD No. 2015-1	100.000%		14,125,000	14,125,000
City of Dixon CFD No. 19-1 I.A. No. 1	100.000%		19,055,000	19,055,000
City of Dixon CFD No. 19-1 I.A. No. 2	100.000%		22,220,000	22,220,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		$	474,474,580	126,970,937
OVERLAPPING GENERAL FUND DEBT				
Solano County General Fund Obligations	4.711%	$	62,105,000	2,925,767
Solano County Pension Obligation Bonds	0.000%		-	-
Dixon Unified School District Certificates of Participation	74.247%		6,975,000	5,178,728
TOTAL OVERLAPPING GENERAL FUND DEBT		$	69,080,000	8,104,495
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	100.000%		-	-
DIRECT GENERAL FUND DEBT				
City of Dixon General Fund Obligations	100.000%		3,189,985	3,189,985
TOTAL DIRECT GENERAL FUND DEBT		$	3,189,985	3,189,985
SUBTOTAL DIRECT DEBT				3,189,985
SUBTOTAL OVERLAPPING DEBT				135,075,432
GRAND TOTAL OF DIRECT AND OVERLAPPING DEBT				138,265,417 [2]

Ratios to Adjusted Assessed Valuation:			
Total Direct Debt.........................	$	3,189,985 ………………………	0.092%
Combined Total Debt..			3.88%
Ratios to Redevelopment Incremental Valuation		($397,097,345)	
Total Overlapping Tax Increment Debt……………………………………….			0.00%

Notes:

[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 bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CITY OF DIXON
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS

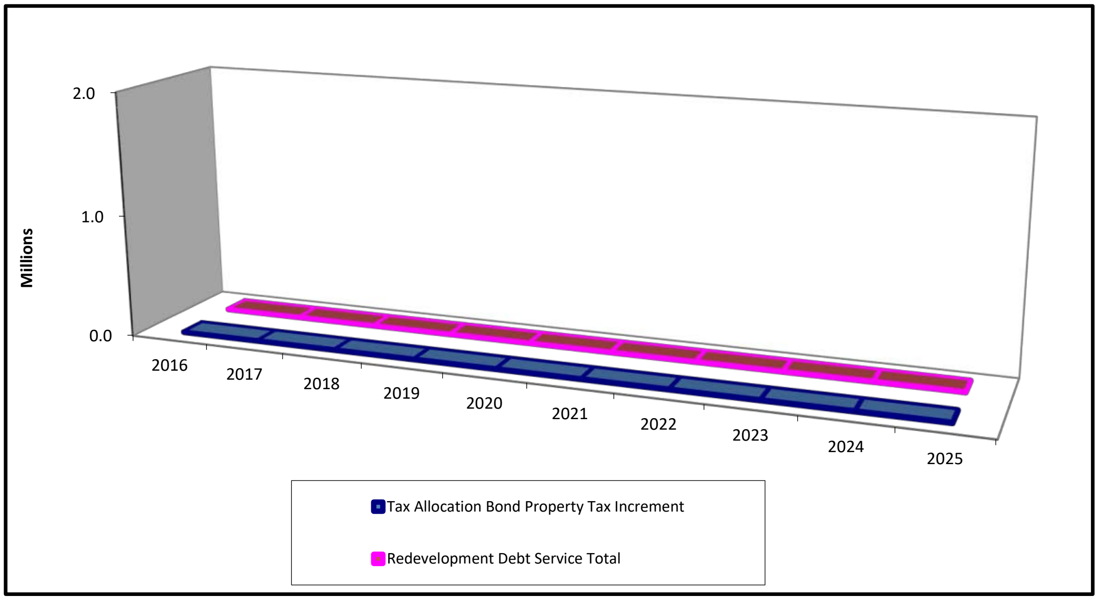
Legal Debt Margin Calculation for Fiscal Year 2024

Assessed Value (in thousands)	$ 3,483,529
Debt Limit (15%) of total assessed value	522,529
Debt applicable to limit:	
General obligation bonds	0
Less: Amount set aside for repayment	0
of general obligation debt	0
Total net debt applicable to limit	0
Legal debt margin	$ 522,529

Fiscal Year	Total Taxable Assessed Value (in thousands)	Debt Limit Amount	Total net debt applicable to limit	Legal debt margin	Ratio of net debt applicable to limit to legal debt limit
2016	1,829,309	274,396	-	274,396	0%
2017	1,921,809	288,271	-	288,271	0%
2018	2,072,504	310,876	-	310,876	0%
2019	2,194,973	329,246	-	329,246	0%
2020	2,366,016	354,902	-	354,902	0%
2021	2,478,120	371,718	1.00	371,718	0%
2022	2,592,984	388,948	-	388,948	0%
2023	2,880,480	432,072	-	432,072	0%
2024	3,112,808	466,921	-	466,921	0%
2025	3,483,529	522,529	-	522,529	0%

Source: City of Dixon Finance

CITY OF DIXON
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS (in thousands)

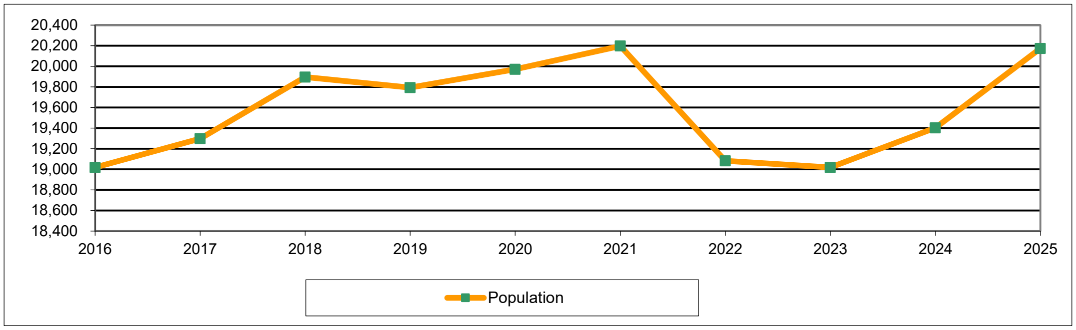


	Tax Allocation Bond Property Tax Increment			Redevelopment Debt Service			
Fiscal Year	Redevelopment Increment	Less: Low and Moderate Income Housing Set-Aside	Net Available Revenue	Principal	Interest	Total	Debt Ratio
2016	0	0	0	0	0	0	0%
2017	0	0	0	0	0	0	0%
2018	0	0	0	0	0	0	0%
2019	0	0	0	0	0	0	0%
2020	0	0	0	0	0	0	0%
2021	0	0	0	0	0	0	0%
2022	0	0	0	0	0	0	0%
2023	0	0	0	0	0	0	0%
2024	0	0	0	0	0	0	0%
2025	0	0	0	0	0	0	0%

[1] As part of the redevelopment agency dissolution, the Tax Allocation Bonds were transferred to the Successor Agency, and therefore, no outstanding balance exists for the City as of June 30, 2012.

Source: City of Dixon Finance

CITY OF DIXON
DEMOGRAPHIC AND ECONOMIC INDICATORS
LAST TEN FISCAL YEARS



Fiscal Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Unemployment Rate	Median Age	School Enrollment	% of pop 25+ w/ H.S. Degree	% of pop 25+ w/ Bachelor's Degree
2016	19,018	496,039	26,083	5.2%	31.70	3,746	82.0%	20.9%
2017	19,298	498,802	25,847	4.7%	34.10	3,663	78.1%	21.8%
2018	19,896	490,855	24,671	4.1%	34.00	3,652	78.9%	20.6%
2019	19,794	502,949	25,409	4.4%	34.10	3,626	77.0%	19.6%
2020	19,972	536,930	26,884	3.8%	34.00	3,516	78.3%	17.4%
2021	20,197	588,330	29,130	9.1%	34.00	3,407	80.1%	19.7%
2022	19,083	636,390	33,349	7.4%	32.30	3,439	82.7%	18.7%
2023	19,018	673,470	35,412	3.1%	34.20	3,468	84.0%	21.5%
2024	19,403	764,647	39,409	3.4%	33.50	3,489	85.5%	22.3%
2025	20,174	807,760	40,040	2.9%	34.20	3,460	83.4%	24.3%

Source: Hdl, Coren & Cone

CITY OF DIXON
PRINCIPAL EMPLOYERS
CURRENT AND FIVE YEARS PRIOR

Total City Employment[1]	9,900			Total City Employment[1]	8,500		
FY 2024-25				**FY 2019-20**			
Employer	Employees[2]	Rank	% of Total City Employed	Employer	Employees[2]	Rank	% of Total City Employed
Dixon Unified School District	453	1	4.58%	Dixon Unified School District	330	1	3.88%
Cardinal Health	300	2	3.03%	Altec Industries	255	2	3.00%
Altec Industries	240	3	2.42%	Wal-Mart	257	3	3.02%
Wal-Mart	235	4	2.37%	Cardinal Health	225	4	2.65%
Dixon Canning (Campbell's)	193	5	1.95%	Dixon Canning (Campbell's)	185	5	2.18%
City of Dixon	192	6	1.94%	Basalite	179	6	2.11%
Basalite	185	7	1.87%	Superior Packing	162	7	1.91%
Superior Packing	151	8	1.53%	City of Dixon	124	8	1.46%
Gold Star Foods	132	9	1.33%	Gold Star Foods	88	9	1.04%
First Northern Bank	48	10	0.48%	First Northern Bank	75	10	0.88%

[1] Source: CA EDD Labor Force statistics and Historical Data - www.labormarketinfo.edd.ca.gov

[2] Source: Current year information comes directly from the employers; prior year information from the respective years audit statistical sections

CITY OF DIXON
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
Function	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
General government										
Management Services	4.75	4.75	7.63	7.75	7	7	8	9	9	9
Finance	9.88	9.88	7	9	9	7	7	10	10	10
Planning & Building	3	4	4	5	6	6	6	8	8	8
Other - Transit	5.75	6.5	7.5	7.5	7.75	7.95	7.95	7.95	7.95	8.35
Police										
Officers	28	29	29	31	28	30	30	31	30	30
Civilians	2	2	2	2	5	6	6	6	7	7
Fire										
Firefighters and officers	24	24	22	21	21	24	24	26.5	26	26
Civilians	1	1	1	2	2	2	2	2	2	2
Public Works										
Engineering	6.2	4.63	4.625	7	7	7	6.5	5	5	5
Maintenance	14	15.05	16.25	17.75	18.75	19.75	21.7	23	23	23
Redevelopment	0	0	0	0	0	0	0	0	0	0
Parks and Recreation	2	2	2	2	2	2	3	3	3	3
Wastewater Collection and Treatment	6.8	7.32	7.92	7.23	6.23	6.25	7	7	8	8
Water	-	-	-	3	4	4	4	4	4	4
Total	107.38	110.13	110.93	122.23	123.73	128.95	133.15	142.45	142.95	143.35

Source: City of Dixon Annual Budget

Paid employees only (excluding reserves and volunteers)

CITY OF DIXON
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
	Fiscal Year									
Police:										
Police Calls for Service	15,757	16,154	17,364	20,634	19,170	18,770	18,228	19,088	16,473	15,100
Law Violations:										
Part I Crimes[1]	511	445	431	425	508	325	-	-	-	-
Part A Crimes	-	-	-	-	-	-	1,059	976	910	753
Physical Arrests (Adult and Juvenile)	497	429	472	612	598	624	490	530	468	353
Parking Violations	59	167	321	963	1,244	939	960	1,396	1,291	978
Fire:										
Number of volunteers	12	15	11	15	11	14	8	12	4	3
Number of calls answered	2,186	2,205	2,538	2,653	2,514	2,725	2,968	2,975	3,079	3,350
Transit service:										
Daily average number of passengers	226	243	247	246	171	72	110	133	159	160
Daily average number of service miles	389	394	397	381	312	221	267	278	311	338
Wastewater										
Service Connections	5,341	5,392	5,422	5,422	5,737	6,073	6,260	6,364	6,791	7,011
Maximum daily capacity of treatment plant (millions gallons per day)	1.82	1.90	2.00	2.00	2.00	2.00	1.92	1.92	1.92	2.20
Average Daily Pumping (millions of gallons)	1.20	1.20	1.19	1.19	1.19	1.12	1.11	1.17	1.26	1.31
Water Service - City of Dixon										
Pumping capacity (millions of gallons per day)	12.2	12.2	12.2	12.2	12.2	12.2	11.5	10.2	10	10.65
Average Consumption (millions gallons per day)	1.42	1.50	2.24	2.24	2.24	1.70	1.75	1.83	2.05	2.00

Source: City of Dixon Departmental Statistical Tables from Annual Reports

[1] Due to NBIRS Reporting requirement changes effective January 1, 2021, Part I Crimes are no longer collected

CITY OF DIXON
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year									
Function/Program	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Public Safety:										
Police Stations	1	1	1	1	1	1	1	1	1	1
Police Patrol Units	15	16	16	16	16	20	24	25	22	28
Fire Stations	1	1	1	1	1	1	1	1	1	1
Fire Vehicles	14	14	14	14	14	17	19	21	21	21
Public Works										
Miles of Streets	62.38	62.38	62.38	62.38	62.38	68.22	70.90	71.22	75.05	76.41
Street Lights	2,037	2,037	2,037	2,037	2,037	2,037	2,062	2,062	2,143	2,336
Recreation and Community Services:										
City Parks	7	7	7	7	7	7	7	8	8	8
City Parks Acreage	89	89	89	89	89	89	96	96	96	96
Senior Centers	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis Courts	6	6	6	6	6	6	6	6	6	6
Baseball/Softball Diamonds	11	11	11	11	11	11	9	9	9	9
Soccer Fields	5	5	5	5	5	5	4	4	4	4
Library	1	1	1	1	1	1	1	1	1	1
Wastewater										
Treatment Plants	1	1	1	1	1	1	1	1	1	1
Sewer Lines (miles)	73.39	73.39	73.39	73.39	73.39	82	82.8	77.76	79.29	82.7
Storm Drain (miles)	43.33	43.33	43.33	43.33	43.33	83	83.82	84.39	86.13	90.94
Water										
Wells	5	5	5	5	5	5	5	5	5	5
Water Main (miles)	44.18	44.18	44.18	44.18	44.18	44.18	47.00	47.00	47.00	47.00

Source: City of Dixon Departmental Statistical Tables from Annual Reports

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APPENDIX D

PROPOSED FORM OF BOND COUNSEL OPINION

[Closing Date]

Dixon Financing Authority
Dixon, California

Re: $_______ *Dixon Financing Authority Lease Revenue Bonds, Series 2026*

Ladies and Gentlemen:

We have acted as bond counsel to the Dixon Financing Authority (the "Authority") in connection with the issuance by the Authority of $_________ Lease Revenue Bonds, Series 2026 (the "Series 2026 Bonds"), pursuant to the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the California Government Code (the "Bond Law"), and pursuant to an Indenture, dated as of October 1, 2026 (the "Indenture"), by and among the Authority, the City of Dixon (the "City") and U.S. Bank Trust Company, National Association, as Trustee. The Series 2026 Bonds will be principally secured by lease payments to be made by the City pursuant to a Lease Agreement, dated as of October 1, 2026 (the "Lease"), by and between the Authority and the City. We have examined the law and such certified proceedings and other documents, agreements, opinions and matters as we deem necessary to render this opinion. This opinion is based on current statutory and constitutional law and published court decisions as of the date hereof. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Indenture.

As to questions of fact material to our opinion, we have relied upon representations of the Authority contained in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

We have assumed the genuineness of all documents and signatures presented to us, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies. We have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions referred to in the preceding paragraphs of this opinion. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Lease and the Ground Lease. We call attention to the fact that the rights and obligations under the Series 2026 Bonds, the Indenture, the Lease, the Ground Lease, the Assignment Agreement and the Tax Certificate may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, by the application of equitable principles and the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against cities and public agencies in the State of California.

We express no opinion herein with respect to any indemnification, contribution, choice of law, choice of forum, penalty or waiver provisions contained in the Series 2026 Bonds, the Indenture, the Lease, the Ground Lease or the Assignment Agreement; nor do we express any opinion with respect to the state or quality of title to any of the real or personal property described in the Indenture, the Lease or the Ground Lease, or the accuracy or sufficiency of the description contained therein, or the remedies available to enforce liens on, any such property contained therein. Additionally, we express no opinion with respect to the municipal bond insurance policy relating to the Insured Series 2026 Bonds or the debt service reserve insurance policy for the Series 2026 Bonds.

Based upon the foregoing we are of the opinion, under existing law, as follows:

1. The Authority is a joint exercise of powers authority duly organized and validly existing under the laws of the State of California with the full power to enter into the Indenture and the Lease, to perform the agreements on its part contained therein and to issue the Series 2026 Bonds.

2. The Indenture and the Lease have each been duly authorized and approved by the Authority and the Indenture and the Lease constitute the valid and binding obligations of the Authority enforceable against the Authority in accordance with their respective terms. The Indenture creates a valid pledge of the Base Rental Payments and other moneys pledged under the Indenture, subject to the provisions of the Indenture.

3. The Indenture and the Lease have each been duly authorized and approved by the City and the Indenture and the Lease constitute the valid and binding obligations of the City enforceable against the City in accordance with their respective terms.

4. The Series 2026 Bonds have been duly and validly authorized by the Authority and are legal, valid and binding limited obligations of the Authority, enforceable in accordance with their terms and the terms of the Indenture. The Series 2026 Bonds are limited obligations of the Authority payable solely from the Base Rental Payments and other moneys pledged under the Indenture as provided in the Indenture, but are not a debt of the City, the State of California or any other political subdivision thereof within the meaning of any constitutional or statutory limitation, and, neither the faith and credit nor the taxing power of the City, the State of California, or any of its political subdivisions is pledged for the payment thereof. The Authority has no taxing power.

5. Under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Series 2026 Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals; however, it should be noted that with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Series 2026 Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed on such corporations.

6. Interest (and original issue discount) on the Series 2026 Bonds is exempt from personal income taxes imposed in the State of California.

7. The difference between the issue price of a Series 2026 Bond (the first price at which a substantial amount of the Series 2026 Bonds of a maturity is to be sold to the public) and the stated redemption price at maturity with respect to such Series 2026 Bond constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Series 2026 Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Series 2026 Bond Owner will increase the Series 2026 Bond Owner's basis in the applicable Series 2026 Bond. Original issue discount that accrues to the Series 2026 Bond Owner is excluded from the gross income of such owner for federal income tax purposes, is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals (as described in paragraph (5) above) and is exempt from State of California personal income tax.

8. The amount by which a Series 2026 Bond Owner's original basis for determining loss on sale or exchange in the applicable Series 2026 Bond (generally the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Series 2026 Bond premium which must be amortized under Section 171 of the Code; such amortizable Series 2026 Bond premium reduces the Series 2026 Bond Owner's basis in the applicable Series 2026 Bond (and the amount of tax-exempt interest received),

and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Series 2026 Bond premium may result in a Series 2026 Bond Owner realizing a taxable gain when a Series 2026 Bond is sold by the owner for an amount equal to or less (under certain circumstances) than the original cost of the Series 2026 Bond to the owner. Purchasers of the Series 2026 Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable bond premium.

The opinions expressed in paragraphs (5) and (7) above as to the exclusion from gross income for federal income tax purposes of interest (and original issue discount) on the Series 2026 Bonds are based upon certain representations of fact and certifications made by the City and others and are subject to the condition that the Authority and the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2026 Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Series 2026 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2026 Bonds. The Authority and the City have covenanted to comply with all such requirements. Except as set forth in paragraphs (5), (6), (7) and (8) above, we express no opinion as to any tax consequences related to the Series 2026 Bonds.

Certain requirements and procedures contained or referred to in the Indenture, the Lease and the Tax Certificate may be changed, and certain actions may be taken, under the circumstances and subject to the terms and conditions set forth in the Indenture, the Lease and the Tax Certificate, upon the advice or with the approving opinion of counsel nationally recognized in the area of tax-exempt obligations. We express no opinion as to the effect on the exclusion of interest on the Series 2026 Bonds from gross income for federal income tax purposes on and after the date on which any such change occurs or action is taken upon the advice or approval of counsel other than Stradling Yocca Carlson & Rauth LLP.

Our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

The opinions expressed herein are based upon an analysis of existing statutes, regulations, rulings and judicial decisions and cover certain matters not directly addressed by such authorities. We call attention to the fact that the foregoing opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions or events are taken (or not taken) or do occur (or do not occur). Our engagement with respect to the Series 2026 Bonds terminates upon their issuance, and we disclaim any obligation to update the matters set forth herein.

We express no opinion herein as to the accuracy, completeness or sufficiency of the Official Statement or other offering material relating to the Series 2026 Bonds. We expressly disclaim any duty to advise the owners of the Series 2026 Bonds with respect to the matters contained in the Official Statement and any other offering material relating to the Series 2026 Bonds.

Respectfully submitted,

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate, dated as of [CLOSING DATE], 2026 (the "Disclosure Certificate") is executed and delivered by the City of Dixon (the "City") in connection with the issuance by the Dixon Financing Authority (the "Authority") of its Lease Revenue Bonds, Series 2026 (the "Bonds") pursuant to an Indenture dated as of October 1, 2026, by and among the City, the Authority, and U.S. Bank Trust Company, National Association, as Trustee (the "Trustee").

Capitalized terms not defined herein shall have the meaning set forth in the Indenture. The City covenants and agrees as follows:

SECTION 1. Purpose of this Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule (as the foregoing capitalized terms are hereinafter defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean Goodwin Consulting Group, Inc. or any successor Dissemination Agent designated in writing by the City and which has filed with the City a written acceptance of such designation. In the absence of such a designation, the City shall act as the Dissemination Agent.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section (5)(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access ("EMMA") website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" shall mean the Official Statement for the Bonds, as amended or supplemented.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent by written direction to such Dissemination Agent to, not later than March 31 after the end of the City's fiscal year (which currently ends on June 30), commencing with the report due for the fiscal year ending June 30, 2026, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from and later than the balance of the Annual Report if they are not available by the date required above for the filing of the Annual Report.

An Annual Report shall be provided at least annually notwithstanding any fiscal year longer than 12 calendar months. The City's fiscal year is currently effective from July 1 to the immediately succeeding June 30 of the following year. The City will promptly notify the MSRB of a change in the fiscal year dates.

(b) Not later than fifteen (15) Business Days prior to the date specified in subsection (a) for providing the Annual Report to the MSRB, the City shall provide the Annual Report to the Dissemination Agent (if the Dissemination Agent is not the City). If by fifteen (15) Business Days prior to the date specified in (a) for the Annual Report, the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall notify the City of such failure to receive the report. If the Dissemination Agent is other than the City, the City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by it hereunder. The Dissemination Agent may conclusively rely upon such certification of the City and shall have no duty or obligation to review such Annual Report.

(c) If the City fails to provide an Annual Report by the date required in subsection (a), the City shall or shall cause the Dissemination Agent to, in a timely manner, send a notice of such failure to file to the MSRB, in substantially the form attached as Exhibit A.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or include by reference the following:

(a) Financial Statements. The audited financial statements of the City for the most recent fiscal year of the City then ended. If the audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain any unaudited financial statements of the City in a format similar to the financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. Audited financial statements of the City shall be audited by such auditor as shall then be required or permitted by State law. Audited financial statements shall be prepared in accordance with generally accepted accounting principles as prescribed for governmental units by the Governmental Accounting Standards Board; provided, however, that the City may from time to time, if required by federal or state legal requirements, modify the basis upon which its financial statements are prepared. In the event that the City shall modify the basis upon which its financial statements are prepared, the City shall provide a notice of such modification to the MSRB, including a reference to the specific federal or state law or regulation specifically describing the legal requirements for the change in accounting basis.

(b) Financial and Operating Data. Numerical and tabular information for the immediately preceding fiscal year in the following charts and tables:

1. Information of the type contained in Table 5 of the Official Statement (General Fund Statement of Revenues, Expenditures, and Changes in Fund Balances);

2. Information of the type contained in Table 6 of the Official Statement (General Fund Balance Sheets Five Year Comparison);

3. Information of the type contained in Table 7 of the Official Statement (General Fund Tax Revenues By Source);

4. Information of the type contained in Table 8 of the Official Statement (Top 25 Sales Tax Producers); and

5. Information of the type contained in Table 11 of the Official Statement (Top Ten Principal Property Taxpayers), except that it is not necessary to identify the Primary Use.

Any or all of the items listed above may be included in, or by specific reference to, other documents, including the City's Annual Comprehensive Financial Reports, or official statements of debt issues of the City or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

1. Principal and interest payment delinquencies;

2. Unscheduled draws on debt service reserves reflecting financial difficulties;

3. Unscheduled draws on credit enhancements reflecting financial difficulties;

4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

6. Tender offers;

7. Defeasances;

8. Rating changes;

9. Bankruptcy, insolvency, receivership or similar event of the obligated person; or

10. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The City shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

1. Unless described in paragraph 5(a)(5), notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

2. Modifications to rights of Bond holders;

3. Bond calls;

4. Release, substitution, or sale of property securing repayment of the Bonds;

5. Non-payment related defaults;

6. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;

7. Appointment of a successor or additional trustee or the change of name of a trustee; or

8. Incurrence of a Financial Obligation of the obligated person, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event described in Section 5(b), the City shall determine if such event would be material under applicable federal securities laws.

(d) If the City learns of the occurrence of a Listed Event described in Section 5(a), or determines that knowledge of a Listed Event described in Section 5(b) would be material under applicable federal securities laws, the City shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in subsection (b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds pursuant to the Indenture.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance or payment in full of all of the Bonds. If such termination occurs prior to the final maturity date of the Bonds, the City shall give notice of such termination in a filing with the MSRB.

SECTION 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The

Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the City pursuant to this Disclosure Certificate.

SECTION 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3, 4 or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the Bonds.

SECTION 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future notice of occurrence of a Listed Event.

SECTION 11. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture or an event of default under the Lease Agreement, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 12. Duties, Immunities and Liabilities of Dissemination Agent. A Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save such Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, if any, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

CITY OF DIXON

By:____
City Manager

ACKNOWLEDGED:

GOODWIN CONSULTING GROUP, INC.,
as Dissemination Agent

By:________________________________
Authorized Signatory

EXHIBIT A

NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Dixon Financing Authority

Name of Issue: Dixon Financing Authority Lease Revenue Bonds, Series 2026

Date of Issuance: [CLOSING DATE]

NOTICE IS HEREBY GIVEN that the City of Dixon (the "City") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate, dated as of [CLOSING DATE], executed by the City. The City anticipates that the Annual Report will be filed by __________.

Dated: __________

Goodwin Consulting Group, Inc., as Dissemination Agent

By:____
Name:____
Title:____

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APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry only system has been obtained from sources that the Authority believes to be reliable, but the Authority takes no responsibility for the completeness or accuracy thereof. The following description of the procedures and record keeping with respect to beneficial ownership interests in the Series 2026 Bonds, payment of principal, premium, if any, accreted value and interest on the Series 2026 Bonds to DTC Participants or Beneficial Owners, confirmation and transfers of beneficial ownership interests in the Series 2026 Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2026 Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an

authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Principal, redemption price and interest payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. If applicable, a Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to tender/remarketing agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to tender/remarketing agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to tender/remarketing agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to the Authority or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By ______________________________
Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

Form 500 (8/24)

DIXON FINANCING AUTHORITY • LEASE REVENUE BONDS, SERIES 2026

CITY OF DIXON

CALIFORNIA

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

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www.imagemaster.com