

**CITY OF DAVIS, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2008**

**PREPARED BY**  
**FINANCE DEPARTMENT**

**CITY OF DAVIS, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2008**

**Table of Contents**

**INTRODUCTORY SECTION**

Table of Contents .....	i
Letter of Transmittal .....	v
Principal Officials .....	xiv
Organizational Chart .....	xv
Location Map .....	xvii
GFOA Certificate of Achievement for Excellence in Financial Reporting .....	xvii

**FINANCIAL SECTION**

<i>Independent Auditor's Report on Basic Financial Statements</i> .....	1
---	---

<i>Management's Discussion and Analysis</i> .....	3
---	---

***Basic Financial Statements:***

Government-wide Financial Statements:

Statement of Net Assets .....	20
Statement of Activities .....	22

Fund Financial Statements:

Major Governmental Funds:

Balance Sheet .....	26
Reconciliation of the Governmental Funds - Fund Balance with the Statement of Net Assets .....	28
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	30
Reconciliation of the Net Change in Fund Balances - Total Governmental Funds with the Statement of Activities .....	32
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
General Fund .....	33

**CITY OF DAVIS, CALIFORNIA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2008**

**Table of Contents**

**FINANCIAL SECTION (Continued):**

Child Care Grant.....	34
Redevelopment Agency Fund.....	35
Redevelopment Agency Low Income Housing Fund .....	36
<b>Major Proprietary Funds:</b>	
Statement of Net Assets.....	38
Statement of Revenue, Expenses and Changes in Net Assets .....	40
Statement of Cash Flows .....	42
<b>Fiduciary Funds:</b>	
Statement of Fiduciary Net Assets .....	46
Notes to Financial Statements .....	47
<b>Supplemental Information:</b>	
<b>Budgeted Major Governmental Funds Other than the General Fund and Special Revenue Funds:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
Development Deferred Improvement Fund.....	84
<b>Non-Major Governmental Funds:</b>	
Combining Balance Sheet.....	90
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	96
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual .....	102
<b>Internal Service Funds:</b>	
Combining Statement of Net Assets.....	116
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets .....	117
Combining Statement of Cash Flows .....	118
<b>Fiduciary Funds:</b>	
Statement of Changes in Assets and Liabilities .....	122

**CITY OF DAVIS, CALIFORNIA**

**Comprehensive Annual Financial Report  
For the Year Ended June 30, 2008**

**Table of Contents**

**STATISTICAL SECTION**

Net Assets by Component – Last Six Fiscal Years .....	127
Changes in Net Assets – Last Six Fiscal Years .....	128
Fund Balances of Governmental Funds Last Ten Fiscal Years .....	130
Changes in Fund Balance of Governmental Funds – Last Ten Fiscal Years.....	132
Assessed and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years .....	134
Property Tax Rates All Overlapping Governments – Last Ten Fiscal Years .....	135
Principal Property Taxpayers – Current Year and Nine Years Ago .....	136
Property Tax Levies and Collections - Last Ten Fiscal Years .....	137
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years .....	138
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years .....	139
Computation of Direct and Overlapping Debt.....	140
Computation of Legal Bonded Debt Margin.....	141
Bonded Debt Pledged Revenue Coverage Redevelopment Agency Tax Allocation Bonds –Last Ten Fiscal Years.....	142
Demographic and Economic Statistics - Last Ten Fiscal Years.....	143
Principal Employers - Current Year and Two Years Ago.....	144
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years.....	145
Operating Indicators by Function/Program – Last Ten Fiscal Years.....	146
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years.....	148

**FINANCE DEPARTMENT**

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November 25, 2008

Honorable Mayor and City Council  
City of Davis  
Davis, California

I hereby submit the Comprehensive Annual Financial Report (CAFR) of the City of Davis for the Fiscal Year ended June 30, 2008. This report was prepared by the City Manager's Office and responsibility for both the accuracy of the presented data and the completeness and fairness of its presentation, including all disclosures, rests with the city. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the city as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the city's financial affairs have been included.

The city is required to undergo an annual Single Audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U. S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. The City's Single Audit for Fiscal Year 2007-2008 will be completed shortly and a separate Single Audit Report will be prepared.

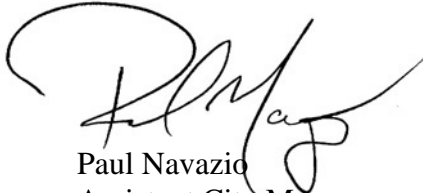
This report includes information for all funds of the City of Davis. The City provides services to its citizens in the areas of public safety; community development; water, waste water and sanitation utilities; transportation, recreation, cultural and social assistance, as well as general government activities. In addition, the City Council of the City of Davis has financial responsibility and accountability for the following legally separate entities: Redevelopment Agency of the City of Davis, City of Davis Public Facilities Financing Authority and Community Facilities District 1991-2 (Mace Ranch). Financial information on these entities has, therefore, been included in this report.

Included as a part of this letter are a series of attachments which provide important information regarding the operations, economic environment and financial position of the City. The attachments are:

Attachment A	Governmental Structure, Local Economic Condition and Outlook
Attachment B	Highlights and Accomplishments
Attachment C	Financial Information
Attachment D	Other Information

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire Finance Division staff. Each member of the Division has our appreciation for the contributions made in the preparation of this report.

Respectfully submitted,



Paul Navazio  
Assistant City Manager

# **ATTACHMENT A**

## **GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK**

The City of Davis is a general law city and employs the Council/Manager form of government. The City Council is comprised of five council members. One of these serves as the Mayor and another as the Mayor Pro Tempore. Council members are elected for an overlapping four-year term on a citywide basis (called “at large”). The member elected with the greatest number of votes serves as Mayor Pro Tem for the first two years of their term and Mayor for the last two years of their term. The City Council acts as the legislative and policy-making body. Council appoints the City Manager and awards the contract for City Attorney services. The City Manager is the chief administrator, is responsible for hiring department directors, oversees the work of City staff in implementing the policies and priorities of the City Council, and the provision of services to the community.

The City of Davis is a university and residential community internationally known for its commitment to implementing progressive and innovative programs. Located just 13 miles west of the State Capital in Sacramento, the center of State government operations, and home to the University of California, Davis, the City’s local economy has traditionally mirrored employment trends in these two institutions.

UC Davis represents, by far, the largest employer in the Davis area with approximately 28,000 employees. The university has approximately 29,600 students enrolled; however, University officials expect an increase in student demand in the next several years and preliminary projections foresee 31,000 students enrolled by the year 2010. A number of significant infrastructure projects are being undertaken on the campus to prepare for this growth. Joint efforts between university and city officials in land use and infrastructure planning have received greater emphasis to ensure that the campus and the community can accommodate the growing student population, in terms of both housing needs and provision of services.

UC Davis has been estimated to contribute over \$2.5 billion annually to the regional economy. Besides its impact as an academic institution, the university is an acknowledged international leader in agricultural, biological, biotechnological and environmental science and has increased its efforts at strengthening ties with private industry. Mutually beneficial university-private relationships are encouraged and UC Davis is becoming an increasingly valuable “drawing card” for economic development efforts in the community and the region.

Like many regions across the state, the Sacramento Valley is witnessing severe impacts from the current recession. Buoyed by strong population growth and rising property values, the area was among the fastest growing regions over the past decade. However, fallout from the housing market collapse, combined with a general downturn in the economy, has resulted in a major revision to revenue forecasts for all public agencies that rely so heavily on property and sales tax revenues.

Sacramento had witnessed among the higher percentage gains in population, employment, income, and retail sales than any other region in the State over the last several years. The region has emerged as a center for high-tech manufacturing and research & development firms. Back-office operations for large San Francisco Bay Area firms have also been moving into the Sacramento region with its lower land cost, access to labor pool, and relative earthquake safety, often cited as advantages of the region. While the duration and depth of the current economic slowdown remains unknown, the Sacramento region is also feeling negative impacts from potential downsizing of State agencies in response to unprecedented shortfalls facing the State budget.

Over the past several years, cities have successfully worked to greatly insulate their General Fund revenues from adverse impacts from State budget problems. After several years of annual property tax shifts and loss of vehicle license fee revenues, cities worked with the State to secure passage of Proposition 1A (November 2004) which now protects cities share of property and sales tax revenues. In addition, vehicle license fee revenues have been largely replaced by in-lieu property tax payments, which in turn, now fall under the constitutional protection of Proposition 1A.

More recently, in November 2006 voters in the State passed another Proposition 1A, which provides cities with additional protection against loss of (Prop 42) Transportation funding (from state sales tax on gasoline). While these recent statewide initiatives significantly protect local revenues from actions by the State, there remain a few areas where local revenues are still vulnerable to State actions. These include reimbursement for State Mandated Costs and local tax-increment revenues generated by local redevelopment agencies. These recent hard-fought initiatives to protect local revenues are likely to again be put to the test as the State looks to address an estimated operating deficit of over \$28 billion for FY 2009/10.

Overall development activity in the city continues at a reduced level. During FY 2007/08 166,637 square feet of commercial/industrial construction was finalized, as were 100 residential dwelling units. As of November 2008, approximately 26 single-family lots remain in currently approved subdivisions. The City's is currently in the process of updating the Housing Element of the General Plan to cover the 2012/13 planning horizon. Development capacity for limited additional multi-family development remains within the current plan, while the University has developed a project to help accommodate projected growth in student population on campus (outside the City boundary).

## **ATTACHMENT B**

### **HIGHLIGHTS AND ACCOMPLISHMENTS**

- The City completed renovation of the Manor Pool complex to include the addition of a zero-entry pool, splash pad with spray features, lap pool and waterslide.
- The City has aggressively begun to inventory Greenhouse Gas emissions and initiated community-wide initiatives aimed at establishing reduction targets and priority sustainability projects.
- The City has implemented selected reorganization efforts involving the City Manager's Office and Finance Department, split the Parks and Community Services Department into two new, independent departments (Community Services Department and Parks and General Services Department), and implemented the first phase of Public Safety Study recommendations related to management structure in the Police Department.
- The City continues to advance two significant utility infrastructure projects. The first is the master planning for an upgraded wastewater treatment plant to address more stringent environmental regulations; the second involve a joint project with the City of Woodland, UC Davis and local flood control agencies studying the feasibility of securing water rights from the Sacramento River to replace the City's current reliance on groundwater.

## **ATTACHMENT C**

### **FINANCIAL INFORMATION**

The City's accounting records are organized and operated on the basis of funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts and fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

City management staff is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the city are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles and facilitates internal management reporting. 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 should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

In addition, the city maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual budget approved by the City Council via the annual appropriation ordinance. Funds for all operating, special revenue, debt service and capital improvement activities of the city are appropriated in the annual budget. The legal level of budgetary control (that is, the level at which actual expenditures may not legally exceed the appropriated amount) is at the fund level. The city also maintains an encumbrance accounting system as one technique in accomplishing budgetary control. Open encumbrances at June 30, 2008 are reported as reservations of fund balance in the city's governmental funds. Management considers such encumbrances as a use of budgetary authority and they are reflected as equivalent to an expenditure in the accompanying budget and actual schedules. In conformance with generally accepted accounting principles, encumbrances are otherwise not included in the accompanying operating statements.

We believe that the statements and schedules included in the Financial Section of this report demonstrate that the city is meeting its responsibility for sound financial management.

For a more comprehensive analysis of the city's financial information, please refer to Management's Discussion and Analysis contained in the Financial Section.

#### **CASH MANAGEMENT**

The city pools all cash funds not held by fiscal agents in order to maximize investment opportunities and increase flexibility. Investment earnings are credited back to all funds contributing to the pool, based on the fund's cash balance as a percentage of the pool. Investment responsibility is located organizationally within the Finance Division, but internal control is rigorously maintained to provide accountability and to protect the city's cash assets.

Investments are conservatively managed with the three primary objectives of (1) safety of principal, (2) liquidity to meet disbursement requirements, and (3) investment yield pursued in that order.

During the 2007-08 Fiscal Year, a significant portion of the city's pooled cash was invested in the Local Agency Investment Fund, an investment pool for local agencies operated by the State of California Treasurer's Office. Investments were also placed in federally sponsored agency notes where opportunities presented themselves to enhance investment yield while maintaining safety and liquidity. Total investment earnings for all funds held in the city treasury totaled \$4,202,818, a return of 4.421%.

At the June 30, 2008 close of the city's fiscal year, \$104,847,779 was held in the city's treasury with investments valued based on fair value (rather than the actual amount invested). During Fiscal Year 1997-98, the city adopted the requirements of Governmental Accounting Standards Board Statement 31, which calls for the recognition in the city's accounts of the unrealized net market value gain or loss on investments held by the city and its fiscal agents.

## RISK MANAGEMENT

The Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) JPA handles the city's risk management. The deductible for general and auto liability is \$5,000 and for workers comp is \$1,000. This limits the city's risk to an insignificant amount.

## **ATTACHMENT D**

### **OTHER INFORMATION**

#### **INDEPENDENT AUDIT**

The City's financial statements were audited by the independent accounting firm of Maze & Associates Accountancy Corporation. Their unqualified opinion is presented at the front of the financial section. We wish to express our appreciation to the staff of Maze & Associates for their assistance during the audit process.

#### **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the city of Davis for its comprehensive annual financial report for the fiscal year ended June 30, 2007. This was the tenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report, which implements GASB Statement 34, continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## **PRINCIPAL OFFICIALS**

### **CITY OF DAVIS**

**JUNE 30, 2008**

### **CITY COUNCIL**

Mayor	Ruth Uy Asmundson
Mayor Pro-Tem	Don Saylor
Councilmember	Lamar Heystek
Councilmember	Stephen Souza
Councilmember	Sue Greenwald

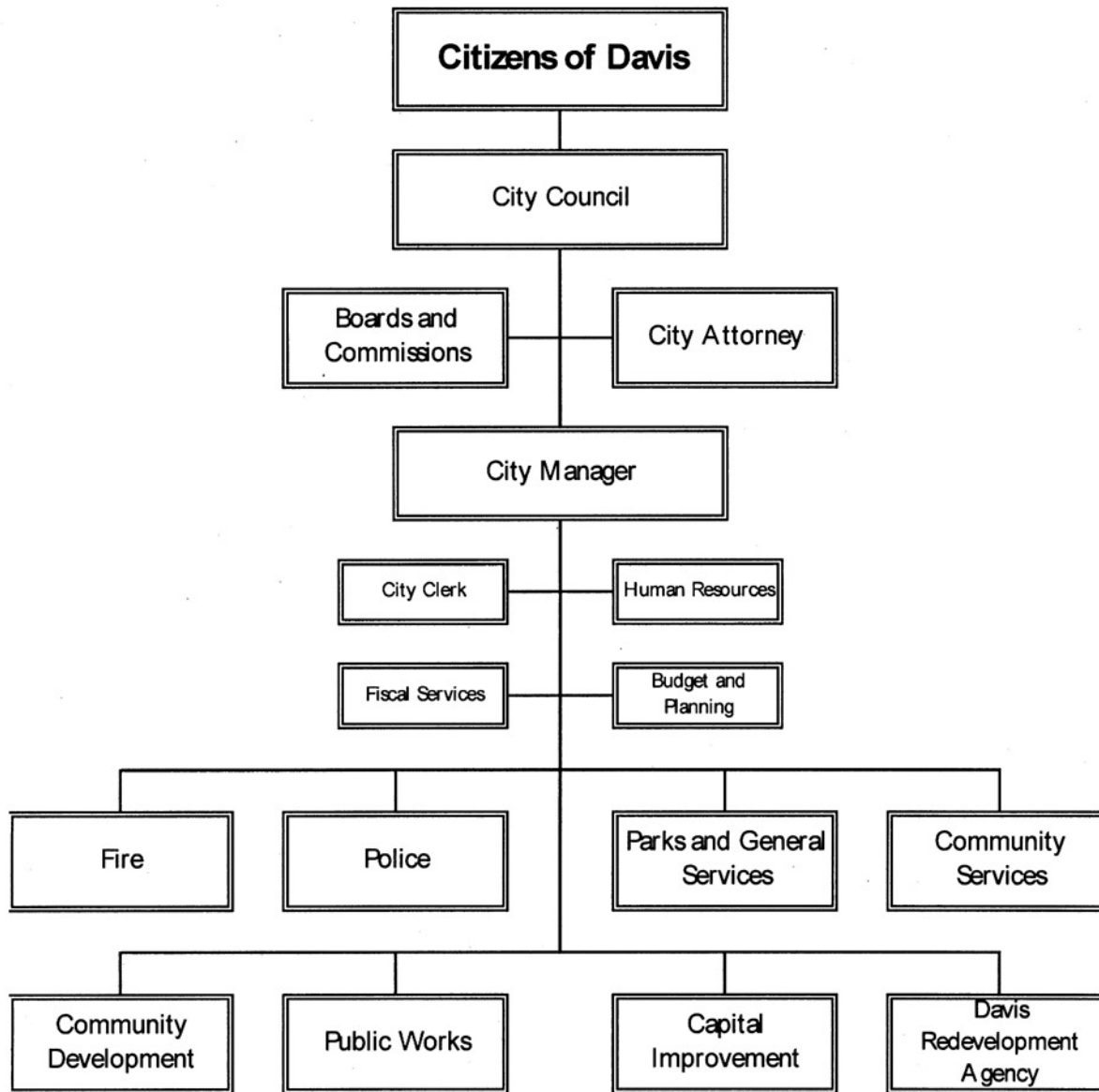
### **ADMINISTRATIVE OFFICIALS**

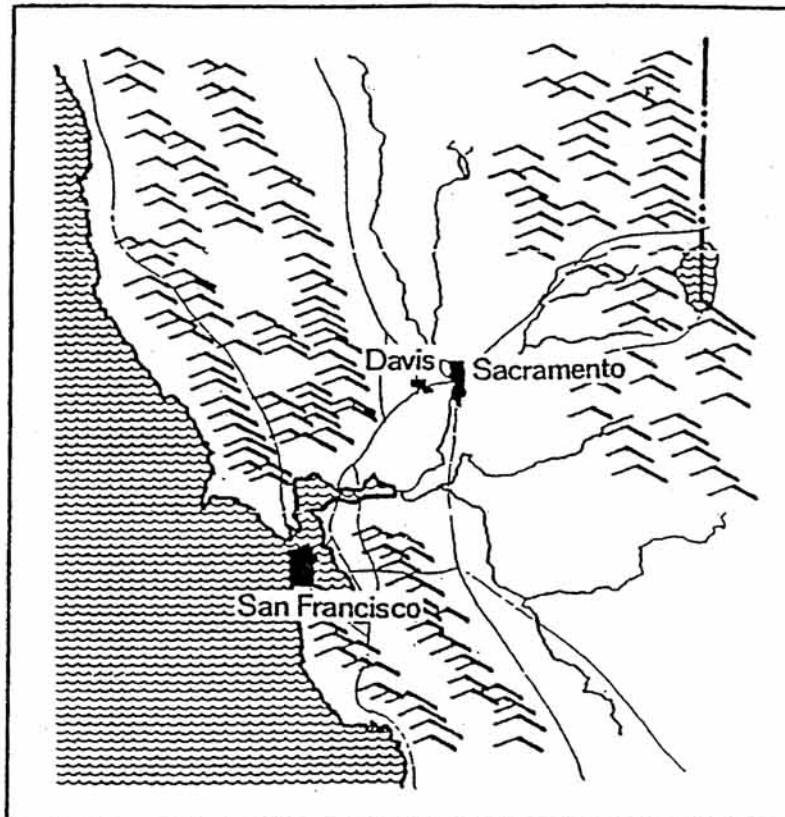
City Manager	William Emlen
City Attorney	Harriet Steiner
City Clerk	Margaret Roberts
Assistant City Manager	Paul Navazio
Chief of Police	Landy Black
Community Development Director	Katherine Hess
Fire Chief	Rose Conroy
Parks & General Services Director	Donna Silva
Public Works Director	Bob Weir
Community Services Director	Elvia Garcia-Ayala

### **ADMINISTRATIVE STAFF**

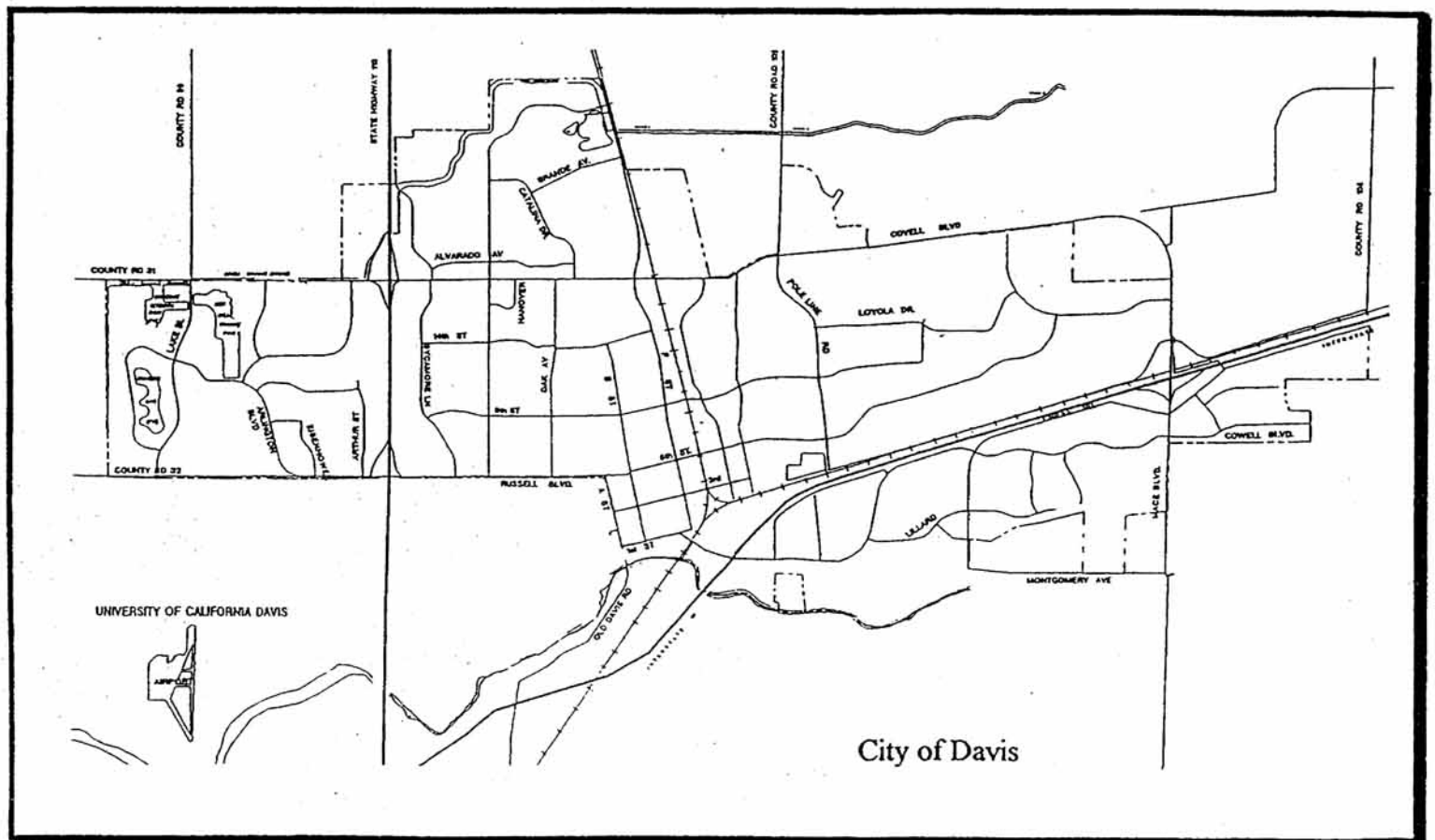
Financial Services Manager	Gail Buller
Financial Analyst	Sheila McCrory
Budget Manager	Kelly Fletcher
Financial Supervisor	Pam Day
Financial Associate	Karen Bordigon

## City of Davis Organizational Chart





Regional Location



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Davis  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Charles S. Cox*

President

*Jeffrey R. Emer*

Executive Director

## INDEPENDENT AUDITOR'S REPORT ON BASIC FINANCIAL STATEMENTS

**ACCOUNTANCY CORPORATION**  
3478 Buskirk Ave. - Suite 215  
Pleasant Hill, California 94523  
(925) 930-0902 • FAX (925) 930-0135  
maze@mazeassociates.com  
www.mazeassociates.com

To the Honorable City Council of  
the City of Davis, California

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

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

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

In accordance with Government Auditing Standards, we have also issued our report dated November 7, 2008 on our consideration of the City of Davis' 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

*Maze & Associates*

November 7, 2008

**FINANCE DEPARTMENT**

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## **MANAGEMENT DISCUSSION AND ANALYSIS**

Government Accounting Standards Board Statement 34 (GASB 34) requires the City of Davis to provide this overview of its financial activities for the fiscal year. Please read it in conjunction with the accompanying Transmittal Letter and Basic Financial Statements.

### **Fiscal Year 2007/08 Financial Highlights**

Like all cities in California, over the past decade Davis lost significant control over its revenues to the State. The diversion of local funds has allowed the State to meet its program funding obligations at the expense of important local services. These financial challenges have forced the City of Davis to search for creative ways to deal with permanent fiscal diversions. Over the years the city has implemented various budget balancing measures which have included layoffs, hiring freezes, new taxes and fee increases.

Financial highlights for the 2007/08 fiscal year include the following:

#### *Citywide*

- The City's total net assets decreased \$1 million to \$609 million in fiscal year 2008. At June 30, 2007 the City's net assets totaled \$610 million.
- Total City revenues, including program and general revenues were \$118.8 million, which was an increase of \$8.8 million from the prior year's \$110.0 million.
- Total Citywide expenses were \$120.1 million, an increase of \$9.1 million from the prior year's \$111.0 million.
- Net assets in Governmental funds decreased \$4.5 million, while net assets in Business-type Activities increased \$3.3 million.
- Governmental Program Revenues increased \$4.0 million from fiscal year 2007's \$29.8 million.
- Governmental Program Expenses increased \$4.6 million from \$79.8 million in fiscal 2007.
- Revenues from Business-type Activities increased \$3.4 million in fiscal 2008 from \$35.3 million in fiscal 2007.
- Expenses of Business-type Activities increased \$4.4 million in fiscal 2008 from \$31.2 million in fiscal 2007.

### *Fund level*

- Governmental Fund balances decreased to \$90.9 million in fiscal 2008 from the prior year's \$92.2 million.
- Governmental Fund revenues increased \$5.7 million in fiscal 2008 from the prior year's \$74.0 million.
- Governmental Fund expenditures increased to \$80.5 million in fiscal 2008, up \$11.6 million from the prior year's \$68.9 million.
- General Fund balance of \$11.3 million in fiscal 2008 is down \$.1 million from the prior year's \$11.4 million.
- General Fund revenues increased to \$38.6 million, up \$1.3 million from the prior year's \$37.3 million and expenditures increased \$4.7 million from prior year's \$38.0 million.

### **Financial Condition Summary**

Uncertainty over the national and state economy as well as the local effect of the slowdown in retail sales and the real estate market will be guiding factors in updating the City's financial planning efforts. Elements of the long-range planning efforts include:

- Moving away from reliance on fund balances (saving) to meet operating needs;
- Addressing a number of unfunded liabilities, including retirement medical and deferred maintenance costs;
- Working to preserve tax revenues subject to renewal in the next two years; and
- Looking at means to provide additional funding for priority unmet needs.

### **Overview of the Comprehensive Annual Financial Report**

This Comprehensive Annual Financial Report (CAFR) is organized in six parts:

1. Introductory section, which includes the Transmittal Letter and general information,
2. Management's Discussion and Analysis (this part),
3. The Basic Financial Statements, which include the Government-wide and the Fund financial statements, along with the notes to these financial statements,
4. Required Supplemental Information,
5. Combining statements for Non-major Governmental Funds and Fiduciary Funds,
6. Statistical Information.

### **The Basic Financial Statements**

The Basic Financial Statements comprise the City-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

The City-wide Financial Statements provide a longer-term view of the City's activities as a whole, and comprise the Statement of Net Assets and the Statement of Activities. The Statement of Net Assets provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by

corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the city's programs. The Statement of Activities explains in detail the change in Net Assets for the year.

All of the City's activities are grouped into Governmental Activities and Business-type activities, as explained below. All the amounts in the Statement of Net Assets and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

The Fund Financial Statements report the City's operations in more detail than the government-wide statements and focus primarily on the short-term activities of the City's General Fund and other Major Funds. The Fund Financial Statements measure only current revenues and expenditures and fund balances; they exclude capital assets, long-term debt and other long-term amounts.

Major Funds account for the major financial activities of the City and are presented individually, while the activities of Non-major funds are presented in summary, with subordinate schedules presenting the detail for each of these other funds. Major Funds are explained below.

The fiduciary statements provide financial information about the activities of the Special Assessment Districts, for which the city acts solely as agent.

#### *The Government-wide Financial Statements*

- **Governmental activities** – All of the City's basic services are considered to be governmental activities, including general government, planning and building, parks and community services, public safety, public works, and general administrative services. These services are supported by general city revenues such as taxes, and by specific program revenues such as development fees.
- The City's general activities include the activities of a separate legal entity, the City of Davis Redevelopment Agency, because the city is financially accountable for the Agency.
- **Business-type activities** – All the City's enterprise activities are reported here, including water, sewer, sanitation, storm sewer and transit. Unlike governmental services, these services are supported by charges paid by users based on the amount of service they use.

City-wide financial statements are prepared on the accrual basis, which means they measure the flow of all economic resources of the city as a whole.

### *Fund Financial Statements*

The Fund Financial Statements provide detailed information about each of the City's most significant funds, called Major Funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement 34 and replaces the concept of combining like funds and presenting them in total. Instead, each Major Fund is presented individually, with all Non-major Funds summarized and presented in a single column. Subordinate schedules present the detail of these Non-major funds. Major Funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of City's activities.

Fund Financial Statements include governmental, enterprise and internal service funds as discussed below.

Governmental Fund Financial Statements are prepared on the modified accrual basis, which means they only measure current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the Governmental Fund Financial Statements.

Enterprise and Internal Services Fund financial statements are prepared on the full accrual basis, as in the past, and include all their assets and liabilities, current and long-term.

Since the City's Internal Service Funds provide goods and services only to the City's governmental and business-type activities, their activities are reported only in total at the Fund level. Internal Service Funds may not be Major Funds because their revenues are derived from other City funds. These revenues are eliminated in the City-wide financial statements and any related profits or losses are returned to the Activities which created them, along with any residual net assets of the Internal Service Funds.

Comparisons of Budget and Actual financial information are presented only for the General Fund and other Major funds that are Special Revenue Funds.

### *Fiduciary Statements*

The City is the agent for certain assessment districts, holding amounts collected from property owners which await transfer to these Districts' bond trustees. The City's fiduciary activities are reported in the separate Statements of Fiduciary Net Assets and the Agency Funds Statement of Changes in Assets and Liabilities. These activities are excluded from the City's other financial statements because the City cannot use these assets to finance its own operations.

## Financial Activities of the City as a Whole

This analysis focuses on the net assets and changes in net assets of the City's Governmental Activities and Business-Type Activities presented in the City-wide Statement of Net Assets and Statement of Activities that follow.

### *Governmental Activities*

**Table 1**  
**Governmental Net Assets at June 30, 2008**  
**(in Millions)**

	Governmental Activities	
	2008	2007
Cash and investments	67.749	69.565
Other assets	41.078	37.285
Capital assets	292.176	299.315
<b>Total Assets</b>	<b><u>401.003</u></b>	<b><u>406.165</u></b>
Long-term debt outstanding	31.266	32.413
Other liabilities	11.392	10.886
<b>Total Liabilities</b>	<b><u>42.657</u></b>	<b><u>43.300</u></b>
Net assets:		
Invested in capital assets, net of debt	286.196	274.639
Restricted	82.004	77.157
Unrestricted	8.146	11.068382
<b>Total net assets</b>	<b><u>358.345</u></b>	<b><u>362.865</u></b>

The City's net assets decreased \$4.5 million 2008. This decrease, also noted in the Change in Net Assets shown in Table 2, is explained below:

- Cash and investments decreased \$1.8 million and consists of \$67.5 million available to fund ongoing City operations. The remaining \$.2 million is legally restricted as to what it can be spent on, such as capital projects funded with bond proceeds and bond reserves.
- Capital assets decreased \$7.1 million mainly due to depreciation of certain assets, which for this year exceeded the value of additions to assets.
- Other assets consist primarily of accounts receivables, loans and other receivables.
- Long-term debt decreased \$1.5 million due to the normal, scheduled retirement of existing obligations, with no major additions.
- Other liabilities consist primarily of accounts and claims payable as well as the City's compensated absences liability.

- Net assets invested in capital assets net of related debt increased to \$286.2 million, and represents the net value of the City's capital assets financed through borrowing.
- Restricted net assets consists of net assets that are legally restricted to be spent on City capital projects, Redevelopment projects, special revenue funded projects and debt service reserves.
- Unrestricted net assets is the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. Unrestricted net assets decreased \$2.9 million to \$8.2 million which is available to finance day-to-day operations and other expenditures approved by City Council.

## Fiscal Year 2008 Governmental Activities

The Statement of Activities presents program revenues and expenses and general revenues in detail. All these are elements in the Changes in Governmental Net Assets summarized below.

**Table 2**  
**Changes in Governmental Net Assets**  
**For the Year Ended June 30, 2008**  
**(in Millions)**

	<u>Governmental Activities</u>	
	2008	2007
<b>Expenses</b>		
City council	0.114	0.104
City attorney	0.384	0.418
City manager	2.306	2.187
Finance	2.157	1.933
Community Development	3.834	3.590
Parks and community services	28.900	25.641
Public safety - fire	10.022	8.922
Public safety - police	14.783	13.832
Public works	14.598	15.442
Special projects	6.833	4.946
Interest on debt	0.519	2.814
	<hr/>	<hr/>
Total expenses	84.449	79.830
	<hr/>	<hr/>
<b>Revenues</b>		
Program revenues:		
Charges for services	9.493	8.352
Operating contributions and grants	18.585	19.531
Development impact fees and permits	5.712	1.952
	<hr/>	<hr/>
Total program revenues	33.790	29.835
	<hr/>	<hr/>
General revenues:		
Taxes	37.432	35.216
Motor vehicle in-lieu	4.888	4.723
Investment income	3.314	3.543
Miscellaneous	0.720	1.452
Transfers, net	(0.215)	0.000
	<hr/>	<hr/>
Total general revenues	46.140	44.934
	<hr/>	<hr/>
<b>Total revenues</b>	<b>79.930</b>	<b>74.770</b>
	<hr/>	<hr/>
<b>Changes in net assets</b>	<b>(4.520)</b>	<b>(5.060)</b>
	<hr/>	<hr/>

Governmental revenue increased \$5.2 million mostly due to an increase in tax revenues (\$2.2 million) and an increase in development fees and permits (\$3.8 million), as well as smaller decreases in operating grants, investment income, miscellaneous income, and transfers.

Expenses increased \$4.6 million in fiscal 2008. Child Care expenditures increased \$1.0 million in direct proportion to additional grant revenues. MOU changes, as well as minor increases and decreases, in all other areas affected departments in varying amounts.

## Governmental Activities

Table 3 presents the net cost of each of the City's largest programs. Net cost is defined as total program cost less the revenues generated by those specific activities.

**Table 3**  
**Net Governmental Activities**  
**For the Year Ended June 30, 2008**  
**(in Millions)**

	<u>Net (Expense) Revenue</u>		
	<u>From Services</u>		
	<u>2008</u>	<u>2007</u>	<u>Net Change</u>
City council	(0.114)	(0.104)	(0.009)
City attorney	(0.370)	(0.402)	0.032
City manager	(2.298)	(2.182)	(0.116)
Finance	(0.471)	(0.668)	0.197
Community development	(1.630)	(1.458)	(0.172)
Parks and community services	(13.491)	(11.882)	(1.610)
Public safety - fire	(6.516)	(5.880)	(0.636)
Public safety - police	(12.877)	(12.046)	(0.830)
Public works	(7.217)	(9.411)	2.194
Special projects	(5.159)	(3.147)	(2.011)
Interest on debt	(0.519)	(2.814)	2.296

- The principal expense for the City's major programs is payroll and payroll related expenses, as the primary cost in service related operations is personnel costs.
- Charges for services and operating grants and contributions are the primary program revenue source funding general governmental activities.
- Community development revenues are primarily generated from planning applications and building inspection and permit fees and development impact fees.
- Police activities primary program revenue sources are violation and services fees and grants.
- Fire activities generated program revenue primarily through fire protection services outside of the City and fire inspection services.
- Public works generates primary program revenues through service fees, such as engineering and plan checking, state and federal grants and developer contributions.

- Parks and community services programs generate program revenues through charges for recreation programs.

## Business-type Activities

**Table 4**  
**Business-Type Net Assets**  
**As of June 30, 2008**  
**(in Millions)**

	<u>Business-Type Activities</u>	
	2008	2007
Cash and investments	28.574	24.043
Other current assets	5.883	4.995
Capital assets	<u>237.160</u>	<u>241.052</u>
<b>Total Assets</b>	<b><u>271.617</u></b>	<b><u>270.09</u></b>
Long-term debt outstanding	15.931	17.524
Other liabilities	<u>5.356</u>	<u>5.525</u>
<b>Total Liabilities</b>	<b><u>21.287</u></b>	<b><u>23.049</u></b>
Net assets:		
Invested in capital assets, net of related debt	221.229	223.528
Restricted	0.000	0.086
Unrestricted	<u>29.101</u>	<u>23.427</u>
<b>Total net assets</b>	<b><u>250.330</u></b>	<b><u>247.040</u></b>

The net assets of business-type activities consist primarily of capital assets used in operations.

**Table 5**  
**Changes in Business-Type Net Assets**  
**For the Year Ended June 30, 2008**  
(in Millions)

		<u>Business-Type Activities</u>	
		2008	2007
<b>Expenses</b>			
	Water	9.393	8.714
	Sanitation	8.658	8.292
	Sewer	8.544	7.757
	Storm sewer	3.145	3.058
	Public Transit	<u>5.876</u>	<u>3.388</u>
	<b>Total expenses</b>	<b><u>35.616</u></b>	<b><u>31.209</u></b>
<b>Revenues</b>			
	Program revenues:		
	Charges for services	31.125	29.208
	Operating contributions and grants	5.891	3.597
	Development impact fees and permits	<u>0.238</u>	<u>1.012</u>
	Total program revenues	<u>37.255</u>	<u>33.817</u>
	General revenues:		
	Investment income	1.301	1.129
	Miscellaneous	0.135	0.326
	Transfers, net	<u>0.215</u>	<u>0.000</u>
	Total general revenues	<u>1.651</u>	<u>1.455</u>
	<b>Total revenues</b>	<b><u>38.906</u></b>	<b><u>35.272</u></b>
<b>Changes in net assets</b>		<b><u>3.290</u></b>	<b><u>4.062</u></b>

Water, sanitation, sewer and storm sewer are funded through user service fees. Public transit is funded with a combination of user fees and grants. Operating costs consist primarily of personnel costs and contractual services.

## The City's Fund Financial Statements

Table 6 below summarizes activity and balances at the fund level:

**Table 6**  
**Financial Highlights at Fund Level**  
**For the Year Ended June 30, 2008**  
**(in Millions)**

	<u>2008</u>	<u>2007</u>	<u>Net Change</u>
Total assets	100.161	100.958	(0.797)
Total liabilities	9.297	8.807	0.490
Total fund balances	90.864	92.151	(1.287)
Total revenues	79.714	74.038	5.675
Total expenditures	80.537	68.018	12.520
Total other financing sources (uses)	(0.463)	8.087	(8.551)

### *Governmental Funds*

At June 30, 2008, the City's governmental funds reported combined fund balances of \$90.9 million, which is a decrease of \$1.3 million compared with last year. \$37.5 million is legally reserved as to how the funds are to be spent. \$53.4 million is available to fund ongoing City operations.

Revenues at the fund level increased \$5.7 million this year to \$79.8 million. The General Fund accounted for 48.4%, Child Care Grant Fund accounted for 14.1% and the Redevelopment Agency accounted for 13.2% of this revenue. The remainder was primarily in the Non-Major funds. Governmental expenditures increased \$12.5 million to \$80.5 million, of which the General Fund generated 53.0%, Child Care Grant Fund accounted for 14.0% and the Redevelopment Agency expenditures generated 4.8%. The remainder was spent in non-Major funds.

### *Proprietary Funds*

Enterprise Fund net assets increased \$3.3 million to \$250.3 million at June 30, 2008. Enterprise operating revenues increased \$1.9 million to \$31.1 million this year, while net non-operating revenues increased to \$7.5 million from last year's \$5.1 million.

Enterprise Fund operating expenses increased \$4.4 million to \$35.6 million in fiscal 2008.

## *Analysis of Major Governmental Funds*

### General Fund

General Fund revenues consisted primarily of property taxes and other taxes, which increased \$1.3 million to \$28.7 million or 74.4% of total fund revenue, for the year ended June 30, 2008. Charges for current services showed an increase of \$.2 million and represented 13.7% of total fund revenue. Most other General Fund revenues also showed increases and contributed to an overall increase of \$1.3 million.

General Fund expenditures increased \$4.7 million which consisted primarily of parks and community services (25%); police (31%) and fire (20%) for the year ended June 30, 2008. The primary expenditures associated with these services consisted of salaries and benefits. The net increase consists of MOU adjustments, and the decrease in other funds availability for use to help offset costs.

The General Fund shows several revenue and expenditure categories with significant budget variances, including; Taxes, Intergovernmental, Charges for services, and Capital Improvement expenditures. The variance between original and final budgets in Taxes is due primarily to Supplemental property tax revenue being less than expected. The variance in Intergovernmental revenue is due to the decline in motor vehicle license fee revenues and state mandate reimbursements. The Community Development variance between budget and actual is due to the decline in current planning projects. Parks and community services had a variance between budget and actual which was the result of anticipated asset acquisitions that were delayed, contract services that were also delayed and salary savings from unfilled positions.

At June 30, 2008 the General Fund Balance held \$5.5 million in unreserved, undesignated balances and \$1.3 million reserved or designated fund balances. Only the unreserved portion represents available liquid resources. The fund balance decreased \$4.6 million due primarily to the increased expenditures discussed above, and lack of offsetting revenue increases.

### Child Care Grant

Child Care Grant fund revenues consist primarily of grant revenue which increased \$0.9 million and totaled \$11.0 million or 97.3% of total fund revenue, for the year ended June 30, 2008.

Expenditures of these funds occurred within parks and community services. The primary expenditures in this fund are salaries, benefits and provider payments.

At June 30, 2008 the Child Care fund balance held \$41,980 in designated or reserved fund balance and \$38,705 in undesignated fund balance.

### Redevelopment Agency

The Redevelopment Agency revenues consist primarily of property taxes, which increased \$.6 million to a total of \$9.8 million or 93.5% of total fund revenue, for the year ended June 30, 2008.

Expenditures consisted primarily of special projects expenditures, which included property tax pass-through agreement payments inter-fund debt payments, and overhead cost payments.

Transfers out of the Redevelopment Agency fund consisted of transfers to the Redevelopment Agency Low/Moderate Housing Fund for the required 20% set-aside, and to the Debt Service fund for debt payments.

At June 30, 2008 the Redevelopment Agency fund balance held \$10.0 million in unreserved, undesignated fund balance and \$178,293 in restricted fund balance. The restricted fund balance is primarily due to a reserve for long-term receivables and encumbrances.

### Redevelopment Agency Low Income Housing Fund

The Redevelopment Agency Low Income Housing Fund revenues consisted of investment income, which increased \$263,749 to a total of \$415,384 or 91% of total fund revenue, for the year ended June 30, 2008.

Expenditures consisted primarily of special projects expenditures, which included administration of the Low Income Housing program.

Transfers into the Redevelopment Agency Low Income Housing Fund consisted of transfers from the Redevelopment Agency Fund for the required 20% set-aside.

At June 30, 2008 the Redevelopment Agency Low Income Housing Fund held \$23.1 million in designated or reserved fund balance. The Redevelopment Agency Low Income Housing fund is completely restricted in the use of fund balance.

### Development Deferred Improvement

The Development Deferred Improvement revenues increased \$3.0 million and consist primarily of development impact fees in the amount of \$4.3 million (\$3.07 million increase) or 79.4% of total fund revenues, and Interest income in the amount of \$1.1 million (\$15,000 increase) or 21.0% of total fund revenues, for the year ended June 30, 2008. Development impact fees are wholly dependent on new development and will decrease as the City moves closer to build out.

Primary expenditures for the Development Deferred Improvements fund are for capital projects. Capital projects expenditures increased \$1.1 million and comprise \$2.9 million or 95.0% of total expenditures.

At June 30, 2008 the Development Deferred Improvements Fund held \$25.1 million in unreserved fund balance and \$265,000 in reserved fund balance. The fund balance in this fund can only be used for capital projects.

### *Proprietary Funds*

#### Water

Water fund revenues consist primarily of charges for services to the residents of Davis in the amount of \$9.0 million or 97.4% of total fund revenues. This represents a \$0.9 million increase in fee revenue.

Primary expenditures are for water production, distribution and system maintenance (\$5.5 million). There was a \$0.7 million increase in the amount of expenditures from the prior year.

#### Sanitation

Sanitation fund revenues consist primarily of charges for services to the residents of Davis in the amount of \$8.6 million or 98.4% of total fund revenues. Revenues increased slightly (\$.2 million) from the prior year.

Primary expenditures are for waste collection and street sweeping (\$8.2 million). Fund expenditures increased \$1.2 million from the prior year.

#### Sewer

Sewer fund revenues consist primarily of charges for services to the residents of Davis in the amount of \$11.9 million or 94.0% of total fund revenues. Sewer fee increases resulted in an additional \$1.0 million in revenues.

Primary expenditures are for sewage collection and treatment (\$5.1 million).

#### Storm Sewer

Storm Sewer fund revenues consist primarily of charges for services to the residents of Davis in the amount of \$1.6 million or 86.3% of total fund revenues. Fee revenue increased \$80,326.

Primary expenditures are for storm drainage system maintenance (\$1.2 million). Expenditures increased slightly (\$87,152) from the prior year.

#### Public Transit

Public Transit fund revenues consist primarily of operating grants and subventions in the amount of \$5.8 million or 97.9% of total fund revenues. Grants and subventions increased \$2.5 million.

Primary expenditures are for the provision of public transportation services (\$5.8 million). This reflects an increase in expenditures of \$2.5 million primarily due to grant reimbursements for ongoing capital projects by Unitrans.

## Capital Assets

GASB 34 requires the City to record all its capital assets including infrastructure, which was not recorded in prior years. The city completed the infrastructure implementation within the 2006/07 fiscal year. The City contracted to have an asset inventory and valuation study which was completed during fiscal year 2006/07. At the end of fiscal 2008 the City had \$529.4 million, net of depreciation, invested in a broad range of capital assets used in governmental and business-type activities, as shown in Table 7 below (further detail can be found in note 5 to the financial statements):

**Table 7**  
**Capital Assets at June 30, 2008**  
**(in Millions)**

	2008	2007	Net Change
<b>Governmental activities:</b>			
Land	64.999	64.559	0.440
Construction in progress	30.519	24.273	6.246
Buildings and improvements	31.365	31.365	0.000
Equipment	12.643	11.978	0.665
Infrastructure - Streets	242.275	240.184	2.092
Infrastructure - Parks	52.765	52.765	0.000
Infrastructure - Bike/Ped Paths	<u>12.406</u>	<u>11.229</u>	<u>1.177</u>
Less accumulated depreciation	<u>-154.797</u>	<u>-137.038</u>	<u>-17.759</u>
<b>Totals</b>	<b><u>292.176</u></b>	<b><u>299.315</u></b>	<b><u>-7.140</u></b>
<b>Business-type activities:</b>			
Land	5.868	5.823	0.045
Construction in progress	9.512	7.499	2.014
Buildings	147.323	146.970	0.353
Pipes and Lines	140.663	140.541	0.122
Equipment	<u>24.527</u>	<u>24.418</u>	<u>0.109</u>
Less accumulated depreciation	<u>-90.734</u>	<u>-84.199</u>	<u>-6.535</u>
<b>Totals</b>	<b><u>237.160</u></b>	<b><u>241.052</u></b>	<b><u>-3.892</u></b>

## Debt Administration

Each of the City's debt issues is discussed in detail in Note 6 to the financial statements. At June 30, 2008 the City's debt comprised:

**Table 8**  
**Outstanding Debt at June 30, 2008**  
(in Millions)

	<u>2008</u>	<u>2007</u>	<u>Net Change</u>
<b>Governmental activities:</b>	<b>31.266</b>	<b>32.413</b>	<b>-1.148</b>
<b>Business-type activities:</b>	<u><b>15.931</b></u>	<u><b>17.524</b></u>	<u><b>-1.593</b></u>
<b>Totals</b>	<u><b>47.197</b></u>	<u><b>49.937</b></u>	<u><b>-2.740</b></u>

### **Special Assessment District Debt**

At June 30, 2008, a total of \$41.260 million in special assessment district debt was outstanding, issued by five special assessment districts. This debt is secured only by special assessments on the real property in the district issuing the debt, and is not the City's responsibility, although the City does act as these Districts' agent in the collection and remittance of assessments.

### **Economic Outlook and Major Initiative**

The economy of the City and its major initiatives for the coming year are discussed in detail in the accompanying Transmittal Letter.

### **Contacting the City's Financial Management**

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this Report should be directed to the Finance Division, at 23 Russell Blvd, Davis, CA 95616.

## **CITY OF DAVIS**

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

The purpose of the Statement of Net Assets and the Statement of Activities is to summarize the entire City's financial activities and financial position.

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

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating interfund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities. The Statement of Activities reports increases and decreases in the City's net assets. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the modified accrual basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

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

Both these Statements include the financial activities of the City, the Redevelopment Agency of the City of Davis, and the Public Facilities Financing Authority, which are legally separate but are component units of the City because they are controlled by the City, which is financially accountable for the activities of these entities.

**CITY OF DAVIS**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and investments (Note 2)	\$67,536,090	\$27,867,634	\$95,403,724
Cash with fiscal agents (Note 2)	213,026	706,727	919,753
Accrued interest	630,337	244,979	875,316
Receivables:			
General accounts	4,310,289	2,298,183	6,608,472
Grants	3,633,438	2,852,105	6,485,543
Utility accounts	341,033	2,803,892	3,144,925
Loans (Note 4)	27,660,702		27,660,702
Mortgages (Note 4)	913,566		913,566
Inventory	288,066		288,066
Prepaid deposits		984,489	984,489
Internal balances (Note 3D)	3,300,648	(3,300,648)	
Capital assets (Note 5):			
Non-depreciable	95,517,587	15,380,338	110,897,925
Depreciable, net of depreciation	196,657,936	221,779,624	418,437,560
<b>Total Assets</b>	<b>401,002,718</b>	<b>271,617,323</b>	<b>672,620,041</b>
<b>LIABILITIES</b>			
Payables:			
Accounts	4,372,519	2,209,619	6,582,138
Grants	15,804	10,832	26,636
Interest	488,665		488,665
Sales	322		322
Deposits	1,968,276	53,225	2,021,501
Due to other governments			
Unearned revenue	1,443,980	2,755,352	4,199,332
Claims payable (Note 12)			
Due within one year	157,258		157,258
Due in more than one year	320,127		320,127
Compensated absences (Note 1H)			
Due within one year	126,886	326,898	453,784
Due in more than one year	2,497,898		2,497,898
Long-term debt (Note 6):			
Due within one year	988,892	1,374,083	2,362,975
Due in more than one year	30,276,708	14,557,344	44,834,052
<b>Total Liabilities</b>	<b>42,657,335</b>	<b>21,287,353</b>	<b>63,944,688</b>
<b>NET ASSETS (Note 8)</b>			
Invested in capital assets, net of related debt	268,196,258	221,228,535	489,424,793
Restricted for:			
Capital projects	30,692,031		30,692,031
Debt service	372,854		372,854
Redevelopment activities	33,330,727		33,330,727
Special revenue projects	17,998,871		17,998,871
<b>Total Restricted Net Assets</b>	<b>82,394,483</b>		<b>82,394,483</b>
Unrestricted	7,754,642	29,101,435	36,856,077
<b>Total Net Assets</b>	<b>\$358,345,383</b>	<b>\$250,329,970</b>	<b>\$608,675,353</b>

See accompanying notes to financial statements

CITY OF DAVIS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Development Impact Fees and Permits
Governmental Activities:				
City council	\$113,670			
City attorney	383,943	\$14,021		
City manager	2,305,569	7,883		
Finance	2,157,409	1,686,126		
Community development	3,834,291	2,204,448		
Parks and community services	28,899,628	2,594,141	\$11,892,217	\$922,020
Public safety - fire	10,022,348	895,361	2,610,515	
Public safety - police	14,783,312	1,543,099	363,575	
Public works	14,597,865	539,973	2,225,194	4,615,953
Special projects	6,832,652	8,048	1,493,568	173,536
Debt service:				
Interest on long-term debt	509,381			
Interest on special assessment debt	9,293			
Total Governmental Activities	84,449,361	9,493,100	18,585,069	5,711,509
Business-type Activities:				
Water	9,393,349	9,018,403	37,298	238,444
Sanitation	8,657,912	8,592,544	38,615	
Sewer	8,543,712	11,919,343		
Storm sewer	3,145,490	1,567,009		
Public transit	5,875,783	28,110	5,815,470	
Total Business-type Activities	35,616,246	31,125,409	5,891,383	238,444
Total	\$120,065,607	\$40,618,509	\$24,476,452	\$5,949,953
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Municipal services				
Business license				
Park maintenance				
Construction				
Open space protection				
Franchise				
Transient occupancy				
Transfer				
Intergovernmental, unrestricted:				
Motor vehicle in-lieu				
Investment earnings				
Miscellaneous				
Transfers				
Total general revenues				
Change in Net Assets				
Beginning Net Assets				
Ending Net Assets				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
(\$113,670)		(\$113,670)
(369,922)		(369,922)
(2,297,686)		(2,297,686)
(471,283)		(471,283)
(1,629,843)		(1,629,843)
(13,491,250)		(13,491,250)
(6,516,472)		(6,516,472)
(12,876,638)		(12,876,638)
(7,216,745)		(7,216,745)
(5,157,500)		(5,157,500)
(509,381)		(509,381)
(9,293)		(9,293)
(50,659,683)		(50,659,683)
	(\$99,204)	(99,204)
	(26,753)	(26,753)
	3,375,631	3,375,631
	(1,578,481)	(1,578,481)
	(32,203)	(32,203)
	1,638,990	1,638,990
(50,659,683)	1,638,990	(49,020,693)
19,717,475		19,717,475
9,117,999		9,117,999
2,165,883		2,165,883
1,283,451		1,283,451
1,337,888		1,337,888
856,186		856,186
637,786		637,786
1,022,880		1,022,880
1,120,983		1,120,983
171,905		171,905
4,888,366		4,888,366
3,313,964	1,301,203	4,615,167
719,943	135,286	855,229
(214,596)	214,596	
46,140,113	1,651,085	47,791,198
(4,519,570)	3,290,075	(1,229,495)
362,864,953	247,039,895	609,904,848
\$358,345,383	\$250,329,970	\$608,675,353

<b>FUND FINANCIAL STATEMENTS</b>
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**MAJOR GOVERNMENTAL FUNDS**

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

**GENERAL FUND**

The fund is used for all general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit, which are not accounted for in another fund.

**CHILD CARE GRANT FUND**

This fund accounts for receipts and expenditures of funds from Federal, State and Local agencies that may be expended only for the purpose of providing child care services.

**REDEVELOPMENT AGENCY FUND**

This fund accounts for receipts and expenditures of the Redevelopment Agency of the City of Davis.

**REDEVELOPMENT AGENCY LOW INCOME HOUSING FUND**

This fund accounts for Redevelopment tax increment revenues set aside pursuant to State law for low-and-moderate-income housing efforts.

**DEVELOPMENT DEFERRED IMPROVEMENT FUND**

This fund accounts for collections from property developers at time of subdivision for specific major offsite public improvements that impose a burden cost on the newly developed areas and that will be constructed at a later date.

CITY OF DAVIS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2008

	General	Child Care Grant	Redevelopment Agency	Redevelopment Agency Low Income Housing
<b>ASSETS</b>				
Cash and investments (Note 2)	\$6,934,560	\$681,584	\$10,579,878	\$6,677,740
Cash with fiscal agents (Note 2 )				
Accrued interest	69,252	5,558	89,395	68,363
Receivables:				
General accounts	3,229,682	70,470	458,324	
Grants	669,942	737,622		12,000
Utility accounts	183,275			
Loans (Note 4)	185,181		97,177	16,424,165
Mortgages (Note 4)				
Due from other funds (Note 3A)				
Total Assets	<u>\$11,271,892</u>	<u>\$1,495,234</u>	<u>\$11,224,774</u>	<u>\$23,182,268</u>
<b>LIABILITIES</b>				
Payables:				
Accounts	\$2,537,868	\$1,117,620	\$15,736	\$84
Grants		14,452		1,352
Sales tax	322			
Deposits	1,419,004		11,769	
Deferred revenue	934,634	282,567	12,539	
Due to other funds (Note 3A)				
Advances from other funds (Note 3B)			1,034,835	
Total Liabilities	<u>4,891,828</u>	<u>1,414,639</u>	<u>1,074,879</u>	<u>1,436</u>
<b>FUND BALANCES</b>				
Fund balance (Note 8)				
Reserved for:				
Debt service				
Encumbrances	591,108	41,890	115,106	43,390
Long-term loans receivable	185,181		63,187	16,312,639
Payment withheld by State	531,865			
Low and moderate income-housing				6,824,803
Unreserved:				
Undesignated, Reported in:				
General Fund	5,071,910			
Special Revenue Funds		38,705	9,971,602	
Capital Projects Funds				
Total Fund Balances	<u>6,380,064</u>	<u>80,595</u>	<u>10,149,895</u>	<u>23,180,832</u>
Total Liabilities and Fund Balances	<u>\$11,271,892</u>	<u>\$1,495,234</u>	<u>\$11,224,774</u>	<u>\$23,182,268</u>

See accompanying notes to financial statements

Development Deferred Improvement	Other Governmental Funds	Total Governmental Funds
\$23,421,100	\$12,134,661	\$60,429,523
	213,026	213,026
210,970	125,149	568,687
	459,897	4,218,373
	2,213,874	3,633,438
	157,758	341,033
19,597	10,934,582	27,660,702
	913,566	913,566
2,182,767		2,182,767
<u>\$25,834,434</u>	<u>\$27,152,513</u>	<u>\$100,161,115</u>
\$81,740	\$269,783	\$4,022,831
		15,804
		322
404,698	67,925	1,903,396
19,597	514,117	1,763,454
	556,389	556,389
		1,034,835
<u>506,035</u>	<u>1,408,214</u>	<u>9,297,031</u>
	372,854	372,854
265,005	958,018	2,014,517
	11,176,479	27,737,486
		531,865
		6,824,803
		5,071,910
	9,485,422	19,495,729
25,063,394	3,751,526	28,814,920
<u>25,328,399</u>	<u>25,744,299</u>	<u>90,864,084</u>
<u>\$25,834,434</u>	<u>\$27,152,513</u>	<u>\$100,161,115</u>

CITY OF DAVIS  
Reconciliation of the  
GOVERNMENTAL FUNDS - FUND BALANCE  
with the  
STATEMENT OF NET ASSETS  
JUNE 30, 2008

Total fund balances reported on the governmental funds balance sheet	\$90,864,084
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Amounts reported for Governmental Activities in the Statement of Net Assets  
are different from those reported in the Governmental Funds above because of the following:

**CAPITAL ASSETS**

Capital assets net of accumulated depreciation used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	283,335,490
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**ALLOCATION OF INTERNAL SERVICE FUND NET ASSETS**

Internal service funds are not governmental funds. However, they are used by management to charge the costs of certain activities, such as insurance and central services and maintenance to individual governmental funds. The net current assets of the Internal Service Funds are therefore included in Governmental Activities in the following line items in the Statement of Net Assets.

Cash and investments	7,106,567
Accrued interest	61,650
Accounts receivable	91,916
Inventory	288,066
Capital assets, net	8,840,033
Accounts payable	(349,688)
Leave benefits	(126,886)
Deposits	(64,880)
Claims payable	(477,385)
Unearned revenue	(2,455)
Internal balances	2,709,105

**ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES**

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	321,929
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**LONG-TERM ASSETS AND LIABILITIES**

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

Long-term debt	(31,265,600)
Interest payable	(488,665)
Non-current portion of compensated absences	(2,497,898)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$358,345,383
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See accompanying notes to financial statements

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

	General	Child Care Grant	Redevelopment Agency	Redevelopment Agency Low Income Housing
REVENUES				
Taxes	\$28,719,509		\$9,834,550	
Licenses and permits	115			
Fines and forfeitures	944,583			
Use of money and property	536,548	\$33,090	616,820	\$415,384
Intergovernmental	856,337	10,966,332	45,279	
Charges for current services	5,297,443	268,118		
Development fees				
Administrative fee - Enterprise Fund	1,794,961			
Other	443,221	400	10,561	42,000
Total Revenues	38,592,717	11,267,940	10,507,210	457,384
EXPENDITURES				
Current:				
City Council	124,862			
City Attorney	383,893			
City Manager	2,342,020			
Finance	2,096,394			
Community development	1,917,852		136,473	
Parks and community services	10,817,189	11,266,248		
Public safety - fire	8,800,420			
Public safety - police	13,478,248			
Public works	1,315,213			
Special projects			3,730,425	1,039,205
Capital improvements	1,612,325			
Debt service:				
Principal	162,915			
Interest and fiscal charges	42,743			
Special assessment				
Total Expenditures	43,094,074	11,266,248	3,866,898	1,039,205
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,501,357)	1,692	6,640,312	(581,821)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt (Note 6)				39,227
Transfers in (Note 3C)				1,975,966
Transfers (out) (Note 3C)	(502,710)		(3,250,809)	
Total Other Financing Sources (Uses)	(502,710)		(3,250,809)	2,015,193
NET CHANGE IN FUND BALANCES	(5,004,067)	1,692	3,389,503	1,433,372
BEGINNING FUND BALANCES	11,384,131	78,903	6,760,392	21,747,460
ENDING FUND BALANCES	\$6,380,064	\$80,595	\$10,149,895	\$23,180,832

See accompanying notes to financial statements

Development Deferred Improvement	Other Governmental Funds	Total Governmental Funds
	\$3,700,127	\$42,254,186
		115
		944,583
\$1,103,269	966,261	3,671,372
	4,917,380	16,785,328
	3,488,563	9,054,124
4,263,676	441,329	4,705,005
		1,794,961
2,075	5,863	504,120
5,369,020	13,519,523	79,713,794
		124,862
	50	383,943
		2,342,020
87,096	53,696	2,237,186
	1,858,869	3,913,194
14,587	3,015,039	25,113,063
	1,196,070	9,996,490
	1,203,985	14,682,233
	3,116,117	4,431,330
61,762	2,019,484	6,850,876
2,858,411	3,836,849	8,307,585
	945,000	1,107,915
	915,744	958,487
	88,231	88,231
3,021,856	18,249,134	80,537,415
2,347,164	(4,729,611)	(823,621)
		39,227
	1,524,856	3,500,822
(38,325)	(211,688)	(4,003,532)
(38,325)	1,313,168	(463,483)
2,308,839	(3,416,443)	(1,287,104)
23,019,560	29,160,742	92,151,188
\$25,328,399	\$25,744,299	\$90,864,084

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

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS (\$1,287,104)

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

CAPITAL ASSETS TRANSACTIONS

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

The capital outlay is therefore added back to fund balance	8,307,585
Other capitalized expenditures are therefore added back to fund balance	2,944,368
Loss on retirement of capital assets is deducted from the fund balance	(997,108)
Depreciation expense is deducted from the fund balance	
(Depreciation expense is net of internal service fund depreciation of \$1,085,663 which has already been allocated to serviced funds)	(17,271,294)

LONG-TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal is added back to fund balance	1,107,915
Repayment of special assessment obligation is added back to fund balance	78,938
Proceeds from the issuance of debt is deducted from fund balance	(39,227)

ACCRUAL OF NON-CURRENT ITEMS

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

Interest payable	449,106
Deferred revenue	(71,068)
Compensated absences	(27,770)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

Change in Net Assets - All Internal Service Funds	<u>2,286,089</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>(\$4,519,570)</u></u>
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See accompanying notes to financial statements

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	\$29,233,016	\$29,265,016	\$28,719,509	(\$545,507)
Licenses and permits	100	100	115	15
Fines and forfeitures	813,800	813,800	944,583	130,783
Use of money and property	406,314	406,314	536,548	130,234
Intergovernmental	875,961	1,217,629	856,337	(361,292)
Charges for current services	4,814,284	5,229,521	5,297,443	67,922
Administrative fee - Enterprise Fund	1,558,270	1,808,270	1,794,961	(13,309)
Other	850,938	600,938	443,221	(157,717)
Total Revenues	38,552,683	39,341,588	38,592,717	(748,871)
EXPENDITURES:				
Current:				
City Council	138,121	138,121	124,862	13,259
City Attorney	473,343	473,343	383,893	89,450
City Manager	2,468,513	2,591,713	2,342,020	249,693
Finance	2,018,439	2,158,724	2,096,394	62,330
Community development	2,185,784	2,223,538	1,917,852	305,686
Parks and community services	11,401,717	11,479,812	10,817,189	662,623
Public safety - fire	8,222,079	8,585,064	8,800,420	(215,356)
Public safety - police	13,443,916	13,527,610	13,478,248	49,362
Public works	1,249,180	1,251,697	1,315,213	(63,516)
Capital improvements	2,102,206	2,091,096	1,612,325	478,771
Debt service:				
Principal	162,916	162,916	162,915	1
Interest and fiscal charges	42,743	42,743	42,743	
Total Expenditures	43,908,957	44,726,377	43,094,074	1,632,303
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,356,274)	(5,384,789)	(4,501,357)	883,432
OTHER FINANCING SOURCES (USES)				
Transfers (out)		(288,114)	(502,710)	(214,596)
Total other financing sources (uses)		(288,114)	(502,710)	(214,596)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(\$5,356,274)	(\$5,672,903)	(5,004,067)	\$668,836
Beginning fund balance			11,384,131	
Ending fund balance			\$6,380,064	

See accompanying notes to financial statements

CITY OF DAVIS  
CHILD CARE GRANT FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Use of money and property	\$32,483	\$32,483	\$33,090	\$607
Intergovernmental	9,891,137	11,247,177	10,966,332	(280,845)
Charges for current services	160,500	160,500	268,118	107,618
Other			400	400
Total Revenues	<u>10,084,120</u>	<u>11,440,160</u>	<u>11,267,940</u>	<u>(172,220)</u>
EXPENDITURES:				
Current:				
Parks and community services	<u>10,078,429</u>	<u>11,434,469</u>	<u>11,266,248</u>	<u>168,221</u>
Total Expenditures	<u>10,078,429</u>	<u>11,434,469</u>	<u>11,266,248</u>	<u>168,221</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,691</u>	<u>5,691</u>	<u>1,692</u>	<u>(3,999)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$5,691</u>	<u>\$5,691</u>	<u>1,692</u>	<u>(\$3,999)</u>
Beginning fund balance			<u>78,903</u>	
Ending fund balance			<u>\$80,595</u>	

See accompanying notes to financial statements

CITY OF DAVIS  
REDEVELOPMENT AGENCY FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	\$10,336,900	\$10,336,900	\$9,834,550	(\$502,350)
Use of money and property	293,173	293,173	616,820	323,647
Intergovernmental	44,900	44,900	45,279	379
Other		3,951	10,561	6,610
Total Revenues	<u>10,674,973</u>	<u>10,678,924</u>	<u>10,507,210</u>	<u>(171,714)</u>
EXPENDITURES:				
Current:				
Community development	148,382	158,382	136,473	21,909
Special projects	<u>4,216,808</u>	<u>4,219,894</u>	<u>3,730,425</u>	<u>489,469</u>
Total Expenditures	<u>4,365,190</u>	<u>4,378,276</u>	<u>3,866,898</u>	<u>511,378</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>6,309,783</u>	<u>6,300,648</u>	<u>6,640,312</u>	<u>339,664</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(3,259,562)</u>	<u>(3,259,562)</u>	<u>(3,250,809)</u>	<u>8,753</u>
Total other financing sources (uses)	<u>(3,259,562)</u>	<u>(3,259,562)</u>	<u>(3,250,809)</u>	<u>8,753</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$3,050,221</u>	<u>\$3,041,086</u>	<u>3,389,503</u>	<u>\$348,417</u>
Beginning fund balance			<u>6,760,392</u>	
Ending fund balance			<u>\$10,149,895</u>	

See accompanying notes to financial statements

CITY OF DAVIS  
REDEVELOPMENT AGENCY LOW INCOME HOUSING FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED JUNE 30, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Use of money and property	\$151,668	\$151,668	\$415,384	\$263,716
Other			42,000	42,000
Total Revenues	151,668	151,668	457,384	305,716
EXPENDITURES:				
Current:				
Special projects	206,082	1,085,314	1,039,205	46,109
Total Expenditures	206,082	1,085,314	1,039,205	46,109
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(54,414)	(933,646)	(581,821)	351,825
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt			39,227	39,227
Transfers in	2,067,380	2,067,380	1,975,966	(91,414)
Total other financing sources (uses)	2,067,380	2,067,380	2,015,193	(52,187)
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$2,012,966	\$1,133,734	1,433,372	\$299,638
Beginning fund balance			21,747,460	
Ending fund balance			\$23,180,832	

See accompanying notes to financial statements

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

**WATER FUND**

This fund accounts for the provision of water services to residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, billing and collection.

**SANITATION FUND**

This fund accounts for the activities associated with the various agreements entered into by the City relating to sanitation operations.

**SEWER FUND**

This fund accounts for the provision of sewer services to residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing and related debt service, billing and collection.

**STORM SEWER FUND**

This fund accounts for the provision of storm drain services to residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing and related debt service, billing and collection.

**PUBLIC TRANSIT FUND**

This fund accounts for special transportation funds derived from the City's share of motor fuel revenue to pay contracted transportation services. These funds are legally restricted items approved in the City's Transportation Development Act claim.

CITY OF DAVIS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 JUNE 30, 2008

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
<b>ASSETS</b>				
Current Assets				
Cash and investments (Note 2)	\$4,318,730	\$1,872,785	\$17,694,120	\$3,981,999
Cash with fiscal agents (Note 2)	706,727			
Accrued interest	36,829	13,060	146,219	41,847
Receivables:				
General accounts	2,093,235	20,563	128,786	54,892
Grants	990			
Utility accounts	746,050	743,626	1,109,393	204,823
Inventory				
Prepaid items			984,489	
Total Current Assets	<u>7,902,561</u>	<u>2,650,034</u>	<u>20,063,007</u>	<u>4,283,561</u>
Noncurrent Assets				
Advances to other funds (Note 3B)				
Capital Assets (Note 5):				
Non-depreciable	5,753,458	938	7,299,281	2,122,330
Depreciable	119,319,566	2,718	88,435,020	100,669,668
Accumulated depreciation	<u>(32,494,969)</u>	<u>(2,629)</u>	<u>(36,456,809)</u>	<u>(20,932,487)</u>
Total Noncurrent Assets	<u>92,578,055</u>	<u>1,027</u>	<u>59,277,492</u>	<u>81,859,511</u>
Total Assets	<u>100,480,616</u>	<u>2,651,061</u>	<u>79,340,499</u>	<u>86,143,072</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts payable	248,768	676,283	300,795	49,195
Grants payable				
Leave benefits payable (Note 1H)	134,501		178,568	
Deposits	44,625		8,600	
Deferred revenue	264,114	985,060	1,312,190	193,988
Due to other funds (Note 3A)				
Claims payable (Note 12)				
Loans payable (Note 6)	<u>509,344</u>		<u>864,739</u>	
Total Current Liabilities	<u>1,201,352</u>	<u>1,661,343</u>	<u>2,664,892</u>	<u>243,183</u>
Noncurrent Liabilities				
Advances from other funds (Note 3B)			837,135	837,135
Claims payable (Note 12)				
Long-term loans payable (Note 6)	<u>4,651,531</u>		<u>9,905,813</u>	
Total Noncurrent Liabilities	<u>4,651,531</u>		<u>10,742,948</u>	<u>837,135</u>
Total Liabilities	<u>5,852,883</u>	<u>1,661,343</u>	<u>13,407,840</u>	<u>1,080,318</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	87,417,180	1,027	48,506,940	81,859,511
Unrestricted	<u>7,210,553</u>	<u>988,691</u>	<u>17,425,719</u>	<u>3,203,243</u>
Total Net Assets	<u>\$94,627,733</u>	<u>\$989,718</u>	<u>\$65,932,659</u>	<u>\$85,062,754</u>

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
	\$27,867,634	\$7,106,567
	706,727	
\$7,024	244,979	61,650
707	2,298,183	91,916
2,851,115	2,852,105	
	2,803,892	
		288,066
	984,489	
2,858,846	37,758,009	7,548,199
		2,709,105
204,331	15,380,338	568,355
4,086,463	312,513,435	15,020,107
(846,917)	(90,733,811)	(6,748,429)
3,443,877	237,159,962	11,549,138
6,302,723	274,917,971	19,097,337
934,578	2,209,619	349,688
10,832	10,832	
13,829	326,898	126,886
	53,225	64,880
	2,755,352	2,455
1,626,378	1,626,378	
		157,258
	1,374,083	
2,585,617	8,356,387	701,167
	1,674,270	
		320,127
	14,557,344	
	16,231,614	320,127
2,585,617	24,588,001	1,021,294
3,443,877	221,228,535	8,840,033
273,229	29,101,435	9,236,010
\$3,717,106	\$250,329,970	\$18,076,043

CITY OF DAVIS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUE, EXPENSES  
 AND CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED JUNE 30, 2008

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
OPERATING REVENUES				
Charges for current services	\$9,018,403	\$8,592,544	\$11,919,343	\$1,567,009
Total Operating Revenues	9,018,403	8,592,544	11,919,343	1,567,009
OPERATING EXPENSES				
Administrative and billing	294,803	336,791	731,952	74,852
Payments to general government	491,630	110,481	590,217	133,363
Water production	1,955,795			
Water distribution	2,423,453			
Water system maintenance	1,121,478			
Street sweeping		650,400		
Waste removal and solid waste management		7,560,201		
Sewage collection			712,587	
Sewage treatment			4,418,850	
Storm drainage system maintenance				1,215,626
Public transportation service				
Special transportation service				
Central stores				
Central equipment				
Duplication - postal				
City administrative facility maintenance				
City electrical maintenance				
Insurance administration				
Insurance premiums				
Litigation				
MIS services				
Depreciation	2,661,406	39	2,055,205	1,721,649
Other	444,784			
Total Operating Expenses	9,393,349	8,657,912	8,508,811	3,145,490
Operating Income (Loss)	(374,946)	(65,368)	3,410,532	(1,578,481)
NONOPERATING REVENUES (EXPENSES)				
Interest income	200,795	68,781	768,433	219,713
Interest (expense)			(34,901)	
Operating grants and subventions	37,298	38,615		
Gain on disposal of capital assets				
Other		29,009	29,304	28,579
Total Nonoperating Revenues (Expenses)	238,093	136,405	762,836	248,292
Income (Loss) Before Contributions and Transfers	(136,853)	71,037	4,173,368	(1,330,189)
Contributions	116,335		70,065	52,044
Transfer in				
Change in net assets	(20,518)	71,037	4,243,433	(1,278,145)
BEGINNING NET ASSETS	94,648,251	918,681	61,689,226	86,340,899
ENDING NET ASSETS	\$94,627,733	\$989,718	\$65,932,659	\$85,062,754

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
\$28,110	\$31,125,409	\$11,735,711
28,110	31,125,409	11,735,711
	1,438,398	
	1,325,691	
	1,955,795	
	2,423,453	
	1,121,478	
	650,400	
	7,560,201	
	712,587	
	4,418,850	
	1,215,626	
5,363,917	5,363,917	
409,422	409,422	
		232,312
		2,069,352
		306,938
		1,511,386
		197,180
		260,616
		3,227,415
		64,621
		1,596,227
102,444	6,540,743	1,085,663
	444,784	
5,875,783	35,581,345	10,551,710
(5,847,673)	(4,455,936)	1,184,001
43,481	1,301,203	501,661
	(34,901)	
5,815,470	5,891,383	
		32,486
48,394	135,286	279,827
5,907,345	7,292,971	813,974
59,672	2,837,035	1,997,975
	238,444	
214,596	214,596	288,114
274,268	3,290,075	2,286,089
3,442,838	247,039,895	15,789,954
\$3,717,106	\$250,329,970	\$18,076,043

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

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$8,807,658	\$8,609,967	\$11,823,571	\$1,609,684
Payments to suppliers	(5,592,734)	(8,176,290)	(5,238,316)	(1,317,569)
Payments to employees	(806,359)	(447,272)	(1,340,717)	(208,215)
Claims paid				
Other expenses	(444,784)			
Cash Flows from Operating Activities	<u>1,963,781</u>	<u>(13,595)</u>	<u>5,244,538</u>	<u>83,900</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Operating grants and contributions	36,308	38,615		
Interfund payments			(49,409)	(49,409)
Interfund receipts				
Transfers in				
Cash Flows from Noncapital Financing Activities	<u>36,308</u>	<u>38,615</u>	<u>(49,409)</u>	<u>(49,409)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Cash transfer to fiscal agent	(7,771)			
Acquisition of capital assets	(1,250,984)	(804)	(1,044,979)	(100,439)
Proceeds from sale of capital assets				
Principal payments on capital debt	(495,512)		(1,097,285)	
Interest paid			(34,901)	
Cash Flows from Capital and Related Financing Activities	<u>(1,754,267)</u>	<u>(804)</u>	<u>(2,177,165)</u>	<u>(100,439)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<u>226,898</u>	<u>72,726</u>	<u>779,285</u>	<u>222,760</u>
Cash Flows from Investing Activities	<u>226,898</u>	<u>72,726</u>	<u>779,285</u>	<u>222,760</u>
Net Cash Flows	472,720	96,942	3,797,249	156,812
Cash and investments at beginning of period	<u>3,846,010</u>	<u>1,775,843</u>	<u>13,896,871</u>	<u>3,825,187</u>
Cash and investments at end of period	<u><u>\$4,318,730</u></u>	<u><u>\$1,872,785</u></u>	<u><u>\$17,694,120</u></u>	<u><u>\$3,981,999</u></u>
<b>Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:</b>				
Operating income (loss)	(\$374,946)	(\$65,368)	\$3,410,532	(\$1,578,481)
Litigation settlement and other		29,009	29,304	28,579
Adjustments to reconcile operating income to cash flows from operating activities:				
Depreciation	2,661,406	39	2,055,205	1,721,649
Other revenues				
Change in assets and liabilities:				
Receivables:				
General accounts	(115,119)	(18,517)	(12,067)	17,370
Grants				
Utility accounts	(131,619)	(7,597)	(161,132)	(6,097)
Inventory				
Accounts payable	(92,008)	34,311	(106,879)	(101,943)
Leave benefits payable	(19,926)		(18,548)	
Refundable deposits	(5,000)			
Claims payable				
Deferred revenue	40,993	14,528	48,123	2,823
Cash Flows from Operating Activities	<u><u>\$1,963,781</u></u>	<u><u>(\$13,595)</u></u>	<u><u>\$5,244,538</u></u>	<u><u>\$83,900</u></u>
<b>Noncash transactions:</b>				
Contributions of capital assets	<u><u>\$116,335</u></u>		<u><u>\$70,065</u></u>	<u><u>\$52,044</u></u>

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
(\$248,097)	\$30,602,783	\$11,970,934
(5,749,848)	(26,074,757)	(9,246,976)
	(2,802,563)	(10,984)
	(444,784)	(28,811)
(5,997,945)	1,280,679	2,684,163
5,826,301	5,901,224	
(66,132)	(164,950)	(567,711)
214,596	214,596	271,292
		288,114
5,974,765	5,950,870	(8,305)
(13,328)	(7,771)	
	(2,410,534)	(962,489)
	(1,592,797)	32,486
	(34,901)	
(13,328)	(4,046,003)	(930,003)
36,508	1,338,177	536,633
36,508	1,338,177	536,633
	4,523,723	2,282,488
	23,343,911	4,824,079
	\$27,867,634	\$7,106,567
(\$5,847,673)	(\$4,455,936)	\$1,184,001
48,394	135,286	
102,444	6,540,743	1,085,663
		279,827
(52)	(128,385)	(55,298)
(324,549)	(324,549)	
	(306,445)	
21,193	(245,326)	(20,277)
2,298	(36,176)	174,727
	(5,000)	(10,984)
	106,467	8,239
		35,810
		2,455
(\$5,997,945)	\$1,280,679	\$2,684,163
	\$238,444	

<b>FIDUCIARY FUNDS</b>
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**FIDUCIARY FUNDS**

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

CITY OF DAVIS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
JUNE 30, 2008

	<u>Agency Funds</u>
ASSETS	
Cash and investments (Note 2)	\$6,939,252
Cash with fiscal agents (Note 2)	1,585,050
Accrued interest	<u>51,498</u>
Total Assets	<u><u>\$8,575,800</u></u>
LIABILITIES	
Accounts payable	\$54,338
Due to bondholders	<u>8,521,462</u>
Total Liabilities	<u><u>\$8,575,800</u></u>

See accompanying notes to financial statements

<p style="text-align: center;"><b>CITY OF DAVIS</b> <b>Notes to Financial Statements</b></p>
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<p><b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b></p>
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The City of Davis is a municipal corporation operating under the general laws of the State of California, under the Council-Manager form of government and provides the following services: public safety (police and fire); community planning and development; water, wastewater, and sanitation utilities; transportation; recreation, cultural and social assistance; and general administration services.

**A. *Reporting Entity***

The City is governed by a five-member council elected by City residents. The City is legally separate and fiscally independent which means it can issue debt, set and modify budgets and fees, and sue or be sued. These financial statements present the government and its component unit-entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government.

**PRIMARY GOVERNMENT**

The financial statements of the primary government of the City of Davis include the activities of the City as well as the Redevelopment Agency of the City of Davis and the Public Facilities Financing Corporation, both of which are controlled by and dependent on the City. While these are separate legal entities, their financial activities are integral to those of the City. Their financial activities have been aggregated and merged (termed "blending") with those of the primary government of the City in the accompanying financial statements.

**BLENDED COMPONENT UNITS**

**The Redevelopment Agency of the City of Davis** was established to assist in the clearance and rehabilitation of City areas determined to be in a declining condition. The Agency has the same governing board as the City, all accounting and administrative functions are performed by City staff and its activities are intended to finance capital improvements and economic development to benefit the City. The financial activities of the Agency have been included in the Redevelopment Agency and Redevelopment Agency Low Income Housing Special Revenue Funds, the Redevelopment Agency Debt Service Fund, and the Redevelopment Agency Capital Projects Fund. Audited annual financial statements are available from the Agency at 23 Russell Boulevard, Davis, CA 95616.

**The Public Facilities Financing Authority** was established solely to assist the City in the issuance of certain bonds for a series of Community Facilities Districts under the State Mello-Roos Act for the construction of infrastructure and improvements. The Authority is controlled by and financially dependent on the City; its financial activities are included in the Capital Projects Fund and Fiduciary Fund.

**B. *Basis of Presentation***

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

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Government-wide Statements:** The Statement of Net Assets and the Statement of Activities display information about the primary government (the City and its component units). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. However, the interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

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

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

**C. Major Funds**

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column, regardless of their fund-type. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

<b>CITY OF DAVIS</b> <b>Notes to Financial Statements</b>
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<b>NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)</b>
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The City reported the following major governmental funds in the accompanying financial statements:

**GENERAL FUND**

The General Fund is used for all general revenues of the City not specifically levied or collected for other City funds and the related expenditures. The general fund accounts for all financial resources of a governmental unit, which are not accounted for in another fund.

**CHILD CARE GRANT**

This fund accounts for receipts and expenditures of funds from Federal, State and Local agencies that may be expended only for the purpose of providing child care services.

**REDEVELOPMENT AGENCY FUND**

This fund accounts for receipts and expenditures of the Redevelopment Agency of the City of Davis.

**REDEVELOPMENT AGENCY LOW INCOME HOUSING FUND**

This fund accounts for Redevelopment tax increment revenues set aside pursuant to State law for low-and-moderate-income housing efforts.

**DEVELOPMENT DEFERRED IMPROVEMENT FUND**

This fund accounts for collections from property developers at time of subdivision for specific major offsite public improvements that impose a burden cost on the newly developed areas and that will be constructed at a later date.

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

**WATER FUND**

This fund accounts for the provision of water services to residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance and billing, and collection.

**SANITATION FUND**

This fund accounts for the activities associated with the various agreements entered into by the City relating to sanitation operations.

**SEWER FUND**

This fund accounts for the provision of sewer services to residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**STORM SEWER FUND**

This fund accounts for the provision of storm drain services to residents of the City and some residents of the County. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, capital improvements, maintenance, financing and related debt service, and billing and collection.

**PUBLIC TRANSIT FUND**

This fund accounts for special transportation funds derived from the City's share of motor fuel revenue to pay contracted transportation services. This fund is legally restricted items approved in the City's Transportation Development Act claim.

**Internal Service Funds.** These funds account for general services, building maintenance, and City's self insurance; all of which are provided to other departments on a cost-reimbursement basis.

**Fiduciary Funds.** Agency Funds are used to account for assets held by the City as an agent for Public Facilities Financing Authority and Mello Roos Community Facilities District. The financial activities of these funds are excluded from the Entity-wide financial statement, but are presented in separate Fiduciary Fund financial statements.

**D. Basis of Accounting**

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources* measurement focus and the *modified accrual* basis of accounting. Under this method, revenues are recognized when *measurable* and *available*. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Governmental capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as *other financing sources*.

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

The City may fund programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues if necessary.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Those revenues susceptible to accrual are use of money and property revenue, charges for services and fines and penalties. Sales taxes collected and held by the State at year-end on behalf of the City also are recognized as revenue.

**E. *Utility Service Billing***

The City bills and collects service charges for water, sanitation, sewer, and storm sewer service. The City's utility accounts for sewer, sanitation and storm sewer are billed flat rates for services bimonthly, in advance, on the 1<sup>st</sup> of the months of February, April, June, August, October and December. The City also collects two additional charges for general government purposes, a Municipal Services tax and Public Safety charge, on the bills with the utility services.

The City has recorded all utility accounts receivable outstanding at June 30, 2008, and has deferred revenue recognition on one-half of the June 1, 2008 bi-monthly billing, representing July service.

**F. *Budgets and Budgetary Accounting***

The City, by Ordinance, adopts annually the operating, debt service and capital improvement budgets for all governmental funds. This budget is effective July 1 for the ensuing fiscal year. From the effective date of the budget, which is adopted and controlled at the fund level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. Upon approval by the City Manager and City Treasurer, however, amounts may be transferred between activities within a *fund's* operating budget appropriation total. The City Manager and City Treasurer may also approve routine minor new appropriations of \$10,000 or less subject to limitations. For the capital budget, the City Manager and City Treasurer may approve transfers between projects of \$15,000, as long as each *fund's* appropriation total remains intact. Increases in excess of the above limits and inter-fund transfers must be approved by the City Council. The budget data reflected in these financial statements incorporate all administrative and City Council amendments through June 30, 2008. Individual amendments were not material in relation to the original appropriations. All appropriations not expended or encumbered by year-end are canceled. All prior year unspent encumbrances are rolled over to the current fiscal year.

Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

**G. *Materials, Parts and Supplies***

Materials, parts and supplies are held for consumption and are valued at the lower of cost or market. Cost is determined by the average cost method and materials, parts and supplies are recorded as expenditures or expenses as they are consumed.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Leave Benefits**

The liability for compensated absences includes the unused vacation leave and compensatory time off, which are accrued as earned. No compensation is payable for sick leave. For governmental funds, a liability for these amounts is recorded only if they have matured, for example, as a result of employee resignations and retirements. The remaining amounts are reported as a liability in the Statement of Net Assets. Proprietary funds' liability for compensated absences is recorded in each proprietary fund. The liability for compensated absences is determined annually.

Changes in compensated absences for the year ended June 30, 2008 were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$2,607,998	\$363,074	\$2,971,072
Additions	(2,869,260)	(508,327)	(3,377,587)
Payments	<u>2,886,046</u>	<u>472,151</u>	<u>3,358,197</u>
Ending Balance	<u><u>\$2,624,784</u></u>	<u><u>\$326,898</u></u>	<u><u>\$2,951,682</u></u>
Current Portion	<u><u>\$126,886</u></u>	<u><u>\$326,898</u></u>	<u><u>\$453,784</u></u>

**I. Property Tax**

Yolo County assesses properties and bills, collects, and distributes actual property taxes collected to the City five times per year. Secured and unsecured property taxes are levied on January 1 of the preceding fiscal year.

Secured property tax is due in two installments, on November 1 and March 1, and becomes a lien on those dates. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1, and becomes delinquent on August 31. The term "unsecured" refers to taxes on personal property other than real estate, land and buildings. Property taxes levied are recorded as revenue and receivables in the fiscal year of levy.

**NOTE 2 - CASH AND INVESTMENTS**

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

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**A. Policies**

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable pieces of paper called *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to maximize security, the City employs the Trust Department of a bank as the custodian of all City managed investments, regardless of their form.

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

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

Investment income is allocated among funds on the basis of average daily cash and investment balances in these funds. Interest income on certain investments is allocated based on the source of the investment and legal requirements which apply.

Cash and investments with an original maturity of three months or less are used in preparing proprietary fund statements of cash flows because these assets are highly liquid and are expended to liquidate liabilities arising during the year.

**B. Classification**

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements. Cash and investments as of June 30, 2008 are as follows:

City cash and investments in primary government:

Cash and investments	\$95,403,724
Cash with fiscal agents	<u>919,753</u>
Total City cash and investments in primary government	<u>96,323,477</u>

Cash and investments in Fiduciary Funds (Separate Statement):

Cash and investments	6,939,252
Cash with fiscal agents	<u>1,585,050</u>
Total Fiduciary Funds cash and investments	<u>8,524,302</u>
Total cash and investments	<u><u>\$104,847,779</u></u>

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

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

Cash on hand	\$7,640
Cash with financial institutions	(2,098,995)
Investments	106,939,134
Total Cash and Investments	<u>\$104,847,779</u>

**C. *Investments Authorized by the California Government Code and the City's Investment Policy***

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

The City's investment policy and the California Government Code allow the City to invest in the following:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Bills, Bonds, and Notes	5 years	No Limit	No Limit	No Limit
Federal Agency Obligations	5 years	No Limit	No Limit	No Limit
Banker's Acceptance	180 days	No Limit	40%	(A)
Commercial Paper	270 days	AA	15%	10%
Negotiable Certificates of Deposit	2 years	No Limit	30%	No Limit
Security Swaps	No Limit	No Limit	No Limit	No Limit
Certificates of Deposit	No Limit	No Limit	No Limit	No Limit
Medium-Term Corporate Notes	5 years	AA	10%	No Limit
Money Market Mutual Funds	No Limit	AAA	15%	10%
Repurchase Agreements	1 year	No Limit	No Limit	No Limit
California Pooled Investment Authority (CPIA)	No Limit	No Limit	No Limit	No Limit
Local Agency Investment Fund	No Limit	No Limit	No Limit	\$40 million per account
California Asset Management Program (CAMP)	No Limit	No Limit	No Limit	No Limit

(A) No more than \$5 million or 10% of the cost value of the portfolio, whichever is less.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

***D. Investments Authorized by Debt Agreements***

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

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Federal Securities	No Limit	N/A
U.S. Government Obligations	No Limit	N/A
U.S. Government Sponsored Obligations	No Limit	N/A
Banker's Acceptance	360 Days	A-1+
Money Market Accounts	N/A	AAm - AAAm
FDIC Insured Deposits	One year	N/A
Investment Agreements	No Limit	AA - AAAm
Commercial Paper	None to 270 days	A-1-A-1+
State Obligations:		
General Obligations	N/A	A
General Short-Term Obligations	No Limit	A-1
Special Revenue Bonds	No Limit	AA
Federal Funds	360 to 365 days	A-1
Repurchase Agreements	30 days	A
Local Agency Investment Fund	N/A	N/A
Pre-Refunded Municipal Obligations	No Limit	AAA

***E. Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. 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 the cash flow and liquidity needed for operations.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

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

Investment Type	12 Months or less	13 to 18 Months	19 to 60 Months	Total
U.S. Government Sponsored Obligations:				
Non-callable	\$2,025,937			\$2,025,937
Callable	15,978,298	\$7,121,283	\$2,081,250	25,180,831
California Local Agency Investment Fund	77,227,571			77,227,571
<i>Held by Trustees:</i>				
Money Market Mutual Funds (U.S. Securities)	2,292,389			2,292,389
U.S. Treasury Bill	212,406			212,406
Total Investments	<u>\$97,736,601</u>	<u>\$7,121,283</u>	<u>\$2,081,250</u>	<u>\$106,939,134</u>

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance is available for withdrawal on demand, and is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, United States Treasury Notes and Bills and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2008, these investments have an average maturity of 212 days.

Money market mutual funds are available for withdrawal on demand and at June 30, 2008, have an average maturity ranging from 7 to 55 days.

**F. 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. The actual ratings as of June 30, 2008 for the U.S. Agency Obligations, First American Treasury Obligation Money Market Mutual Funds and Blackrock Money Market Mutual Funds were AAAM as provided by Standard and Poor's investment rating system. The U.S. Treasury Obligations are exempt from rating disclosure requirements and the Local Agency Investment Fund were not rated as of June 30, 2008.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 2 - CASH AND INVESTMENTS (Continued)**

**G. Concentration of Credit Risk**

The City's investment policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. However, the City is required to disclose investments that represent a concentration of five percent or more of investments in any one issuer, held by individual City Funds in the securities of issuers other than U. S. Treasury securities, mutual funds and external investment pools. At June 30, 2008, those investments consisted of:

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-wide	Federal Home Loan Mortgage Corporation	US Government-Sponsored Enterprise Agencies	\$11,095,831
	Federal Home Loan Bank	US Government-Sponsored Enterprise Agencies	8,094,688
	Federal National Mortgage Association	US Government-Sponsored Enterprise Agencies	6,052,500

**NOTE 3 - INTERFUND TRANSACTIONS**

**A. Current Balances**

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2008, the following funds have balances due to the Development Deferred Improvement Fund to temporarily fund short-term cash flow needs.

<b>Special Revenue Funds:</b>	
TDA Non-Transit Use Fund	\$317,679
Park Maintenance Tax Fund	30,569
Community Development Block Grant Fund	170,366
<b>Capital Projects Funds:</b>	
Capital Grants Fund	37,775
<b>Enterprise Fund:</b>	
Public Transit Fund	1,626,378
Total	<u>\$2,182,767</u>

**B. Long-Term Advances**

At June 30, 2008, the following funds had made advances which were not expected to be repaid within the next year.

Fund Receiving Advance	Fund Making Advance	Amount of Advance
<b>Special Revenue Fund:</b>		
Redevelopment Agency	General Services Internal Service Fund	\$1,034,835
<b>Enterprise Funds:</b>		
Sewer	General Services Internal Service Fund	837,135
Storm Sewer	General Services Internal Service Fund	837,135
		<u>\$2,709,105</u>

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 3 - INTERFUND TRANSACTIONS (Continued)**

The **Redevelopment Agency** began making annual interest and principal payments on its advance beginning July 1, 2004 with final repayment by fiscal year 2014. The interest rate is subject to an annual reset at average-cost-of-funds rate (twelve-month average investments earnings rate.) Principal and interest payments are reviewed annually during the budgeting process, with the intention of accelerating repayment when possible.

**Sewer and Storm Sewer** funds make annual principal and interest payment on July 1, with final repayment by fiscal year 2023. The interest rate is subject to an annual reset at average-cost-of-funds rate (twelve-month average investments earnings rate.) Principal and interest payments are reviewed annually during the budgeting process, with the intention of accelerating repayment when possible.

**C. Transfers Between Funds**

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2008 were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred	
Non-Major Governmental Funds	General Fund	\$502,710	A, E
Redevelopment Agency Low Income Housing Fund	Redevelopment Agency Fund	1,975,966	B
Non-Major Governmental Funds	Development Deferred Improvement Fund	38,325	C
	Redevelopment Agency Fund	1,274,843	D
	Non-Major Governmental Funds	211,688	C
Total Interfund Transfers		<u>\$4,003,532</u>	

(A) To fund golf course maintenance and improvements

(B) To fund the twenty percent set-aside in the Redevelopment Agency Low Income Housing Fund

(C) To fund debt service

(D) To fund Redevelopment Agency capital projects from bond proceeds

(E) TDA audit adjustment

**D. Internal Balances**

Internal balances are presented in the Entity-wide financial statements only. They represent the net interfund receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 4 - LOANS AND MORTGAGES RECEIVABLE**

Loans receivable, including accrued interest and related deferred revenue, comprised balances from the following programs, all of which are discussed below:

Davis Mutual Housing Association	\$5,023,918
Davis Campus Cooperatives	998,624
Windmere II	1,193,990
Davis Area Cooperative Housing Association	3,696,475
Walnut Terrace	3,474,055
Tremont Green	2,722,379
Moore Village	3,811,415
Eleanor Roosevelt	2,969,868
Pence Gallery	73,824
Oakshade East	900,000
Other Commercial Rehabilitation, Housing Rehabilitation, and Affordable Housing	2,552,149
Community Housing Opportunities Corp	39,227
Davis Musical Theater	48,250
Employee Computer Loans	136,931
Royal Oaks Mobile Home Park	19,597
	<hr/>
Total Loans Receivable	27,660,702
	<hr/>
Mortgages Receivable	913,566
	<hr/>
Total Loans and Mortgages Receivable	<u><u>\$28,574,268</u></u>

**A. Davis Mutual Housing Association**

The City entered into two agreements with the Davis Mutual Housing Association for affordable housing. Under the terms of the first agreement, the City loaned \$3,950,000 to assist in the development of affordable housing located at 3023 Albany Avenue. This agreement is guaranteed by four promissory notes based on different funding sources. These notes bear no annual interest. One of the promissory notes in the amount of \$807,396 requires monthly payments of \$1,346 that began on January 10, 2002, with a final payment of \$1,142 on January 10, 2052. The other three promissory notes require a total monthly payment of \$5,239, beginning January 10, 2006, with a total final payment of \$4,443 on January 10, 2056.

Under the terms of the second agreement, the City loaned \$1,271,190 to the Association to develop an affordable multi-family housing project consisting of thirty-six units. This note bears 3% interest and payments are to be made from residual cash flows. The remaining outstanding principal will be due on May 21, 2033.

Both agreements are secured by deeds of trust. As of June 30, 2008 the Association has drawn down \$5,023,918.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 4 - LOANS AND MORTGAGES RECEIVABLE (Continued)**

**B. *Davis Campus Cooperatives***

The City entered into two agreements with Davis Campus Cooperatives for affordable housing. Under the terms of the first agreement, the City loaned \$375,000 to assist in the development of affordable housing located at 1752 Drew Circle. The note bears annual interest of 6%. Monthly payments of \$2,248 commenced November 1, 2000. The remaining outstanding principal and any accrued but unpaid interest will be due on April 21, 2030. Under the second agreement, the City loaned \$642,000 to the same project. This note bears zero interest and payments are to be made from residual cash flows. The remaining outstanding principal will be due on April 21, 2030. Both agreements are secured by deeds of trust. The balance of the loans receivable arising from these two notes at June 30, 2008 was \$998,624.

**C. *Windmere II***

The Redevelopment Agency of the City of Davis entered into two agreements with Windmere II for affordable housing. Under the terms of the first agreement, the Agency loaned \$445,000 to assist in the development of affordable housing located at 3100 Fifth Street. The note bears 3% simple interest. Annual interest only payments begin July 1, 2000. Commencing July 1, 2005, principal and interest payments are due annually with final payment expected in 2035. Under the terms of the second agreement, the Agency loaned \$148,000 to assist in the development of affordable housing located at 3100 Fifth Street. The note bears 3% simple interest and payments are to be made from residual cash flows. Annual interest only payments begin July 1, 2000.

The City also entered into two agreements with Windmere II for affordable housing. Under the terms of the first agreement, the City loaned \$476,190 to assist in the development of affordable housing located at 3100 Fifth Street. The note bears 3% simple interest. Payments are to be made from residual cash flow. Under the terms of the second agreement, the City loaned \$151,824 to assist in the development of affordable housing located at 3100 Fifth Street. The note bears 3% simple interest and payments are to be made from residual cash flows. Annual interest only payments begin July 1, 2001.

Commencing July 1, 2005, annual principal and interest payments are due with final payment expected in 2035. Both agreements are secured by deeds of trust. The balance of the loans receivable arising from these notes at June 30, 2008 was \$1,193,990.

**D. *Davis Area Cooperative Housing Association***

In 2008, the City and Redevelopment Agency of the City of Davis entered into a consolidated loan agreement with Davis Area Cooperative Housing Association, Inc. in the total amount of \$4,153,429.

\$1,173,177 of the loan proceeds were used to refinance an existing loan that the Association had with the Redevelopment Agency and the City in amounts of \$1,073,177 and \$100,000 respectively. Under the original loan agreement, the Agency and the City loaned a combined original amount of \$1,240,000 for the acquisition of affordable housing units located at 5503, 5509, 5515, 5521, 5527, 5533 and 5539 Tufts Street in the City of Davis.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 4 - LOANS AND MORTGAGES RECEIVABLE (Continued)**

In addition, \$2,980,252 of the loan proceeds is to provide affordable housing opportunities to a total of twenty single family housing units. As of June 30, 2008, the Association has drawn down \$2,523,298 of the loan proceeds for this purpose.

The loan bears 3% interest rate and a 55-year term. It is secured by a deed of trust. The balance of this loan receivable at June 30, 2008 was \$3,696,475.

***E. Walnut Terrace***

The Redevelopment Agency of the City of Davis entered into an agreement with Walnut Terrace Limited Partnership for affordable housing. Under the terms of the agreement, the Agency loaned \$2,108,792 interest free to assist in the development of affordable senior multi-family housing project consisting of thirty units located at 3101 Fifth Street. Subsequently, Walnut Terrace Limited secured other financing and repaid \$278,372 to the Agency. If the project generates any residual cash flow, 100% of the residual cash flow shall be paid to the Agency in the form of an annual payment, commencing November 1, 2005. All unpaid principal is due on November 1, 2060. The agreement is secured by a deed of trust.

The City also entered into another loan agreement with Walnut Terrace Limited Partnership. Under the terms of this agreement, the City loaned \$2,251,208 interest free to assist in the development of the same project discussed above. Subsequently, Walnut Terrace Limited secured other financing and repaid \$607,573 to the City. If the project generates any residual cash flow, 100% of the residual cash flow shall be paid to the City in the form of an annual payment, commencing November 1, 2005. All unpaid principal is due on November 1, 2060. The agreement is secured by a deed of trust.

The balance of the loans receivable arising from these notes at June 30, 2008 was \$3,474,055.

***F. Tremont Green***

The Redevelopment Agency and the City of Davis entered into an agreement with Yolo Mutual Housing Association for affordable housing. Under the terms of the agreement, the Agency and the City loaned \$2,722,379 for construction of a thirty-six unit residential rental property located at El Macero Estates. The note bears 3.0% interest. If the project generates any residual cash flow, principal and interest payments are due annually with final payment expected in 2058. The agreement is secured by a deed of trust.

The balance of the loan receivable arising from this note at June 30, 2008 was \$2,722,379.

***G. Moore Village***

The Redevelopment Agency and the City of Davis entered into an agreement with Yolo Mutual Housing Association for affordable housing. Under the terms of the agreement, the Agency and the City loaned \$3,811,415 for construction of a fifty-nine unit apartment complex. The note bears 3.0% simple interest. If the project generates any residual cash flow, principal and interest payments are due annually with final payment expected in 2059. The agreement is secured by a deed of trust.

The balance of the loan receivable arising from this note at June 30, 2008 was \$3,811,415.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 4 - LOANS AND MORTGAGES RECEIVABLE (Continued)**

**H. *Eleanor Roosevelt***

The Redevelopment Agency and the City of Davis entered into an agreement with Davis Senior Housing Cooperative for affordable housing. Under the terms of the agreement, the Agency and City of Davis have approved a loan in the amount not to exceed \$4,250,000 for the construction of a sixty-unit senior residential rental property. The note bears no interest for the first fifteen years, 6% simple interest for the next fifteen years, and 3% simple interest for the remaining twenty five years. The payments are to be made from residual cash flow. Commencing December 2020, annual principal and interest payments are due with final payment expected in 2060. The loan is secured by deeds of trust.

The balance of the loan receivable arising from this note at June 30, 2008 was \$2,969,868.

**I. *Pence Gallery***

The Redevelopment Agency of the City of Davis entered into a loan agreement with Pence Gallery Association to assist in repayment of construction loans and development impact fees. Under the terms of agreement the Agency loaned the Association \$123,040. The note bears no annual interest. The loan is due and payable in March 2011. However, the Agency will forgive 20% of the principal loan amount on each loan agreement anniversary date if the Association continues to operate and maintain the Gallery for artistic exhibits and events. The balance of the loan receivable arising from this note at June 30, 2008 was \$73,824.

**J. *Oakshade East***

The Redevelopment Agency of the City of Davis entered into an agreement with Yolo Mutual Housing Association and Sacramento Mutual Housing Association to develop 60 to 70 affordable two, three, and four bedroom apartments. Under terms of the agreement the Agency loaned the associations \$900,000. The note bears simple interest at 3%. If the projects generate any residual cash flow, principle and interest payments are due annually with final payment expected in 2065.

**K. *Other Commercial Rehabilitation, Housing Rehabilitation and Affordable Housing***

The City and the Agency engage in programs designed to encourage construction or improvement in low-to-moderate-income housing or other projects. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the terms of the loan agreements. The balance of the loans receivable arising from these programs at June 30, 2008 was \$2,552,149.

**L. *Community Housing Opportunities Corporation***

The Redevelopment Agency of the City of Davis entered into an agreement with Community Housing Opportunities Corporation, a California nonprofit public benefit Corporation to construct a mixed-use development that will include a minimum of twenty-eight for-sale residential units and certain other improvements. Twenty-one out of the twenty-eight units will be sold to families with income that is 80% or less of the area median income. Under the terms of the agreement, the Agency will loan the Corporation \$1,908,000. This note bears simple interest at 3% and will be due on June 8, 2012. The balance of the loans receivable arising from this note at June 30, 2008 was \$39,227.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 4 - LOANS AND MORTGAGES RECEIVABLE (Continued)**

***M. Other Loan Receivables***

The City entered into an agreement with the Davis Musical Theatre Company to provide an unsecured loan to assist in constructing tenant improvements to the building and converting it into a theatre. The original principal balance was \$50,000 and bears interest at 4.8%. It was to be repaid through monthly installments of \$261.43 beginning on April 1, 2005 with a balloon payment in December 2007. The loan is delinquent and, as of June 30, 2008, has a balance of \$48,250.

The City began a loan program to assist its employees with the purchase of personal computers. These loans are for a maximum of \$3,000 for loans given before June 30, 2007, and \$2,000 for loans given in or after June 30, 2007, bear no interest and are repaid by monthly deductions from the employee paychecks. As of June 30, 2008, the loans outstanding amounted to \$136,931.

The City entered into an agreement with Royal Oaks Mobile Home Park to assist in financing the water connection to the City water lines. The original principal balance was \$138,160 and bears interest at 8%. It is to be repaid through monthly payments by 2009. The principal balance at June 30, 2008 was \$19,597.

***N. Mortgages Receivable***

The City has an agreement with the developers of low-to-moderate-income housing to defer certain developer fees so those houses can be sold at a lower cost to the home buyers. This fee is collected from the homeowners by the City, and is considered a loan. These loans are secured by second trust deeds on the property. Although these mortgages are expected to be repaid in full, their balance has been offset by deferred revenue or a reserve of fund balance, as they are not expected to be repaid during the next fiscal year. The balance of all the mortgages receivables at June 30, 2008 was \$913,566.

***O. Conditional Grants***

The City has several programs under which it extends loans to qualifying individuals or groups for the purpose of improving the City's housing stock and/or its supply of low-and-moderate-income housing. These loans provide for the eventual forgiveness of the loan balance if the borrower complies with all the terms of the loan over its full term. The City accounts for these loans as conditional grants in the Entity-wide financial statements, and provides a reserve against their eventual forgiveness using the straight-line method over the life of the respective loan.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 5 - CAPITAL ASSETS**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Buildings	50 years
Improvements	15 years
Vehicles	3-20 years
Computers	5-7 years
Equipment	15 years
Streets	25-40 years
Parks and Greenbelts	25-50 years
Belt and Pedestrian Pathways	75 years
Utility Underground Systems	30-50 years

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 5 - CAPITAL ASSETS (Continued)**

**A. Capital Asset Additions and Retirements**

Capital assets activity for the year ended June 30, 2008 is as follows:

	Balance at June 30, 2007	Additions and Transfers	Retirements and Transfers	Balance at June 30, 2008
<b><i>Governmental Activities</i></b>				
Capital assets not being depreciated:				
Land	\$64,558,675	\$440,000		\$64,998,675
Construction in Progress	24,273,352	7,242,668	(\$997,108)	30,518,912
Total capital assets not being depreciated	88,832,027	7,682,668	(997,108)	95,517,587
Capital assets being depreciated:				
Buildings	26,873,366			26,873,366
Improvements	4,491,672			4,491,672
Vehicles	9,573,112	668,904	(602,662)	9,639,354
Computer and Equipment	2,405,039	646,036	(47,223)	3,003,852
Infrastructure				
Streets	240,183,502	2,091,500		242,275,002
Parks and Greenbelts	52,764,894			52,764,894
Bike and Pedestrian Pathways	11,229,181	1,177,307		12,406,488
Total capital assets being depreciated	347,520,766	4,583,747	(649,885)	351,454,628
Less accumulated depreciation:				
Buildings	(11,078,624)	(672,912)		(11,751,536)
Improvements	(2,472,749)	(1,020,888)		(3,493,637)
Vehicles	(4,731,108)	(733,255)	561,660	(4,902,703)
Computer and Equipment	(1,267,221)	(352,005)	36,252	(1,582,974)
Infrastructure				
Streets	(89,012,558)	(8,299,273)		(97,311,831)
Parks and Greenbelts	(25,375,719)	(4,206,662)		(29,582,381)
Bike and Pedestrian Pathways	(3,099,668)	(3,071,962)		(6,171,630)
Total accumulated depreciation	(137,037,647)	(18,356,957)	597,912	(154,796,692)
Net capital assets being depreciated	210,483,119	(13,773,210)	(51,973)	196,657,936
Governmental Activities Capital Assets, Net	\$299,315,146	(\$6,090,542)	(\$1,049,081)	\$292,175,523

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 5 - CAPITAL ASSETS (Continued)**

	Balance at June 30, 2007	Additions and Transfers	Retirements and Transfers	Balance at June 30, 2008
<i><b>Business-type Activities</b></i>				
Capital assets, not being depreciated:				
Land	\$5,822,878	\$45,000		\$5,867,878
Construction in Progress	7,498,601	2,181,346	(\$167,487)	9,512,460
Total capital assets not being depreciated	13,321,479	2,226,346	(167,487)	15,380,338
Capital assets, being depreciated:				
Buildings and Improvements	4,387,205			4,387,205
Water Wells, Pumps and Related Assets	45,707,598	167,958		45,875,556
Water Distribution System	59,101,677	184,983		59,286,660
Sewer Treatment Plant	42,000,001			42,000,001
Sewer Pipes and Pipelines	35,731,603	70,065		35,801,668
Drainage Facilities	100,583,351	52,044		100,635,395
Equipment	24,417,959	114,675	(5,684)	24,526,950
Net capital assets being depreciated	311,929,394	589,725	(5,684)	312,513,435
Less accumulated depreciation for:				
Buildings and Improvements	(927,229)	(109,416)		(1,036,645)
Water Wells, Pumps and Related Assets	(10,136,134)	(1,052,182)		(11,188,316)
Water Distribution System	(15,861,409)	(1,006,307)		(16,867,716)
Sewer Treatment Plant	(22,220,002)	(839,861)		(23,059,863)
Sewer Pipes and Pipe Lines	(8,791,060)	(774,862)		(9,565,922)
Drainage Facilities	(19,200,874)	(1,718,996)		(20,919,870)
Equipment	(7,062,437)	(1,038,726)	5,684	(8,095,479)
Total accumulated depreciation	(84,199,145)	(6,540,350)	5,684	(90,733,811)
Net capital assets being depreciated	227,730,249	(5,950,625)		221,779,624
Business-type Activities Capital Assets, Net	\$241,051,728	(\$3,724,279)	(\$167,487)	\$237,159,962

**B. Capital Asset Contributions**

Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. These contributions are required to be accounted for as revenues at the time the capital assets are contributed.

<p style="text-align: center;"><b>CITY OF DAVIS</b> <b>Notes to Financial Statements</b></p>
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<p><b>NOTE 5 - CAPITAL ASSETS (Continued)</b></p>
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**C. Depreciation Allocation**

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

***Governmental Activities***

City Council	\$452
City Manager	42,498
Finance	1,112
Community development	9,572
Parks and community services	4,444,603
Public safety - fire	209,140
Public safety - police	408,015
Public works	13,241,565

<b>Total Governmental Activities</b>	<b>\$18,356,957</b>
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***Business-Type Activities***

Water	\$2,661,025
Sanitation	39
Sewer	2,055,194
Storm sewer	1,721,649
Public transit	102,443

<b>Total Business-Type Activities</b>	<b>\$6,540,350</b>
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**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 6 - LONG-TERM DEBT**

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

**A. The City's Long-Term Debt**

The City's long-term debt activities for the year ended June 30, 2008 is as follows:

	Balance June 30, 2007	Additions	Retirements	Balance June 30, 2008	Current Portion
<b><i>Governmental Activities Long-Term Debt:</i></b>					
<i>Redevelopment Agency Bonds:</i>					
2003 Tax Allocation Refunding Bonds					
2.00%-5.00%, due 09/01/34	\$8,935,000		\$150,000	\$8,785,000	\$155,000
2007 Tax Allocation Refunding Bonds					
4.00%-4.25%, due 9/1/2030	12,140,000		300,000	11,840,000	320,000
2007 Taxable Housing Tax Allocation Bonds					
5.50%, due 9/1/2037	8,675,000		350,000	8,325,000	110,000
Special Assessment Payable					
Due 06/30/09	162,143		78,938	83,205	83,205
<i>Certificates of Participation:</i>					
1995 Association of Bay Area Governments					
5.00%-6.50%, due 03/01/16	1,400,000		120,000	1,280,000	125,000
1994 City of Davis Certificates of Participation					
6.50%, due 07/01/14	205,000		25,000	180,000	25,000
<i>Capital Lease Obligation</i>					
Central Controller and Ancillary Equipment					
4.77%, due 10/1/11	896,083		162,915	733,168	170,687
California Housing Finance Agency Note payable					
3%, due August 8, 2012		\$39,227		39,227	
Total Governmental Activities Long-Term Debt	\$32,413,226	\$39,227	\$1,186,853	\$31,265,600	\$988,892
<b><i>Business-type Activities Long-Term Debt</i></b>					
State Revolving Fund Loan #1					
2.7%, due 7/25/15	\$2,382,958		\$293,852	\$2,089,106	\$237,600
State Revolving Fund Loan #2					
2.6%, due 5/1/19	7,732,319		690,636	7,041,683	508,053
Department of Water Resources Loan #1					
2.5%, due 10/1/11	1,332,552		283,068	1,049,484	290,649
Department of Water Resources Loan #2					
2.6%, due 9/30/22	4,323,835		212,444	4,111,391	218,695
Sewer System Capital Improvement Loan					
5.5%, due 12/15/18	1,752,560		112,797	1,639,763	119,086
Total Business-type Activities Long-Term Debt	\$17,524,224		\$1,592,797	\$15,931,427	\$1,374,083

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 6 - LONG-TERM DEBT (Continued)**

**B. Debt Service Requirements**

Future principal and interest payments on all Governmental and Business-type long-term debt were as follows at June 30, 2008:

For the Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2009	\$988,892	\$1,480,962	\$1,374,083	\$218,229
2010	948,828	1,434,813	1,412,456	418,691
2011	997,358	1,391,253	1,452,952	378,196
2012	1,080,522	1,345,002	1,336,970	336,615
2013	890,000	1,295,835	1,217,409	298,700
2014-2018	4,495,000	5,820,016	6,058,202	934,374
2019-2023	4,830,000	4,784,725	2,919,416	184,229
2024-2028	6,075,000	3,544,509	159,939	2,084
2029-2033	7,315,000	1,953,257		
2034-2038	3,645,000	370,629		
Total	<u>\$31,265,600</u>	<u>\$23,421,001</u>	<u>\$15,931,427</u>	<u>\$2,771,118</u>

**C. Description of the City's Long-Term Debt Issues**

**2003 Tax Allocation Refunding Bonds and 2007 Tax Allocation Refunding Bonds** – On October 30, 2003, the Redevelopment Agency of the City of Davis issued the 2003 Tax Allocation Refunding Bonds in the amount of \$9,625,000. The proceeds from the sale of the Bonds were used to refund the Agency's outstanding Davis Redevelopment Project 1994 Tax Allocation Bonds. Agency's tax increment revenue; less amounts required to be set aside in the Redevelopment Agency Low Income Housing Fund and certain tax increment pass through payments, is pledged for the repayment of these bonds. Principal payments are payable annually on September 1 and interest is payable semi-annually each March 1 and September 1 through 2034.

On February 20, 2007, the Redevelopment Agency of the City of Davis issued the 2007 Tax Allocation Refunding Bonds in the amount of \$12,140,000. The proceeds from the sale of the Bonds were used to refund the Agency's outstanding Davis Redevelopment Project 2000 Tax Allocation Refunding Bonds. The Bonds' are secured on a parity with the 2003 Tax Allocation Refunding Bonds by a pledge of and first lien on Agency tax increment revenues less amounts required to be set aside in the Redevelopment Agency Low Income Housing Fund and certain tax increment pass through payment, from the Agency's Redevelopment Project. Interest is payable semi-annually each March 1 and September 1 and principal payments are payable annually on September 1 through 2030.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 6 - LONG-TERM DEBT (Continued)**

As discussed above, the Agency has pledged all future tax increment revenues, less amounts required to be set aside in the Redevelopment Agency Low Income Housing Fund and certain tax increment pass through payments, for the repayment of both the 2003 and 2007 Tax Allocation Bonds (non-housing revenues). The pledge of all future non-housing revenues ends upon repayment of the \$34,583,926 remaining debt service on the Bonds above, which is scheduled to occur in 2034. Projected non-housing tax increment revenues are expected to provide coverage over debt service of 568% over the life of the two Bonds. For fiscal year 2008, non-housing revenues amounted to \$8,821,540 which represented coverage of 680% over the \$1,297,349 of non-housing debt service.

**2007 Taxable Housing Tax Allocation Bonds** – On February 20, 2007, the Redevelopment Agency of the City of Davis issued the 2007 Taxable Housing Tax Allocation Bonds in the amount of \$8,675,000. The proceeds from the sale of the Bonds were used to aid the financing of redevelopment activities consisting of the increasing, improving and preserving of the supply of low and moderate income housing within the City. Agency housing tax revenue is pledged for the repayment of these bonds. Interest is payable semi-annually each March 1 and September 1 and principal payments are payable annually on September 1 through 2037.

The pledge of future tax increment revenues ends upon repayment of the \$18,301,720 in remaining debt service on this bond issue which is scheduled to occur in 2037. As disclosed in the originating offering documents, pledged future tax increment revenues are expected to provide coverage over debt service of 338% over the life of the long-term debt. For fiscal year 2008, tax increment revenues amounted to \$2,433,350 million which represented coverage of 297% over the \$818,659 in debt service.

**Redevelopment Agency Special Assessment Payable** - The Redevelopment Agency is responsible for paying the Special Assessment of \$887,517 levied on property it owns by the City of Davis Parking Assessment District #3 through June 30, 2009. The debt service payment for fiscal year 2008 amounted to \$88,231 which included \$78,938 of principal and \$9,893 of interest.

**1995 Certificates of Participation** - On March 1, 1995, the City issued Certificates of Participation in the original principal amount of \$2,410,000 as part of an agreement with Association of Bay Area Governments (ABAG) to finance the installation and construction of improvements to its municipal golf course and the acquisition of two park sites. The Certificates are secured by a noncancellable lease. Principal payments are payable annually on March 1 and interest payments payable semi-annually on September 1 and March 1, through March 2016. Since the lease is in essence a financing arrangement with ownership of the financed assets reverting to the City, the debt evidenced by the Certificates of Participation has been included in the City's financial statements.

**1994 Certificates of Participation** - The City issued Certificates of Participation in the original principal amount of \$405,000 for the 1994 Hunt-Boyer Mansion Administrative Office Facility Project. The Certificates are secured by a noncancellable lease. Principal payments are payable annually on July 1 and interest payments payable semi-annually on January 1 and July 1, through July 2014. Since the lease is in essence a financing arrangement with ownership of the financed assets reverting to the City, the debt evidenced by the Certificates of Participation has been included in the City's financial statements.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 6 - LONG-TERM DEBT (Continued)**

**Capital Lease Obligation** – On July 1, 2004, the City entered into a \$1,200,000 equipment lease-purchase agreement with Motorola, Inc. for the partial financing of a public safety radio tower. The lease interest and principal payments are due annually on October 1 with a final payment due on October 1, 2011. The lease is payable from general government revenues.

**CalHFA Note Payable** – On August 8, 2007, the Redevelopment Agency of City of Davis entered into a \$1,908,000 Residential Development Loan Program with California Housing Finance Agency (CalHFA) to assist with the predevelopment and construction development of a housing project with a minimum of twenty-eight units. The note bears 3% simple interest. Principal and interest payments are deferred and due on August 8, 2012. As of June 30, 2008, the note payable balance is \$39,227.

**State Revolving Fund Loan #1** - The City entered into a contract in February 1994 to borrow funds from the State Water Resources Control Board. The funds are being used for a Wetland Project and a Pollution Load Reduction Program to improve water quality. The maximum loan amount is \$4,900,000 and bears interest at 2.7% per year for a term of twenty years.

**State Revolving Fund Loan #2** - The City entered into a contract in March 1997 to borrow funds from the State Water Resources Control Board. The funds are being used for a Water Pollution Control Plant Expansion upgrade to the existing wastewater treatment facility to meet the City's future wastewater treatment needs. The maximum loan amount is \$10,603,414 and bears interest at 2.6% per year for a term of twenty years.

**Department of Water Resources Loan #1** - The City entered into a contract with the Department of Water Resources to borrow funds to finance a water conservation project. The loan cannot exceed \$4,485,000 and bears interest at 2.5% per year. Repayment of principal commences upon completion of the project for a period not to exceed fifteen years.

**Department of Water Resources Loan #2** - The City entered into a contract with the Department of Water Resources to borrow funds to assist in the funding of the City's Water Storage Tank project. The loan cannot exceed \$5,000,000 and bears interest at 2.6% per year. Repayment of principal commences upon completion of the project for a period not to exceed twenty years.

**Sewer System Capital Improvement Loan** - On December 15, 1998, the City entered into an installment sale agreement in the amount of \$2,500,000 with LaSalle National Bank for the purchase of the 1998 Sewer System Improvement Project. Principal and interest of 5.5% are payable semi-annually through December 15, 2018.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 7 - SPECIAL ASSESSMENT DEBT WITHOUT CITY COMMITMENT**

Special Assessment Districts in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included as long-term debt of the City. The outstanding balance of each of these issues as of June 30, 2008 is as follows:

Description	Issue Year	Maturity Year	Outstanding June 30, 2008
Parking Assessment District #3, \$2,080,000 original principal	1993	2009	\$380,000
University Research Park Improvement, \$2,265,000 original principal	1993	2018	1,435,000
Public Facilities Financing Authority, \$9,785,000 original principal	1999	2030	9,785,000
Community Facilities District No. 1999-2 \$9,640,000 original principal	2000	2024	6,265,000
Public Facilities Financing Authority, \$5,355,000 original principal	2004	2016	3,770,000
Community Facilities District No. 1991-2 \$14,115,000 original principal	2007	2026	14,115,000
Community Facilities District No. 2007-2 \$5,510,000 original principal	2008	2037	5,510,000
Total			<u>\$41,260,000</u>

**NOTE 8 - NET ASSETS AND FUND BALANCES**

**A. Net Assets**

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

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

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

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

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 8 - NET ASSETS AND FUND BALANCES (Continued)**

**B. Fund Equity**

Fund equity consists of reserved and unreserved amounts. Reserved fund equity represents that portion of a fund balance or net assets, which has been appropriated for expenditure or is legally segregated for a specific future use. The remaining portion is unreserved. Net Assets is reserved for debt service requirements.

A portion of unreserved fund balance may be designated to indicate plans for financial resource utilization in a future period, such as for general contingencies or capital projects. Such plans are subject to change and may never be legally authorized or result in expenditures.

**C. Fund Deficits**

As of June 30, 2008, the City Self-Insurance Internal Service Fund had negative net assets of \$214,756 which is expected to be repaid by future contributions from other funds.

**NOTE 9 - COMPARISONS WITH BUDGET**

The following funds incurred Council approved expenditures in excess of their budgets in the amounts below as the result of unanticipated disbursements, for which sufficient additional revenues were available for the year ended June 30, 2008:

	<u>Expenditures in Excess of Budget</u>
<b>Non-Major Funds:</b>	
Sub-division In-Lieu Park Fees	\$376,154
Capital Grants	57,181

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 10 – PENSION PLANS**

**A. CALPERS Safety and Miscellaneous Employees Plans**

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

	<u>Safety</u>	<u>Miscellaneous</u>
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	3%	1.426-2.500%
Required employee contribution rates	9%	7-8%
Required employer contribution rates	22.500%	9.826%

The City's labor contracts require the City to pay employee contributions as well as its own.

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the City must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City does not have a net pension obligation since it pays these actuarially required contributions monthly.

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% is assumed, including inflation at 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 10 – PENSION PLANS (Continued)**

The Plans' actuarial value (which differs from market value) and funding progress over the most recent past three years available are set forth below at their actuarial valuation date of June 30. In fiscal year 2004, the City combined the Safety Plan for Police and Fire into one plan. Actuarial valuations are shown for combined valuation for 2004, 2005, and 2006.

*Safety Plan - Combined:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2004	\$54,072,216	\$46,719,425	\$7,352,791	86.4%	\$6,693,720	109.8%
2005	59,716,043	50,738,465	8,977,578	85.0%	7,093,447	126.6%
2006	65,026,332	55,264,336	9,761,996	85.0%	7,558,614	129.2%

*Miscellaneous Plan:*

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2004	\$72,778,662	\$68,552,680	\$4,225,982	94.2%	\$15,785,376	26.8%
2005	80,546,708	73,568,760	6,977,948	91.3%	17,298,871	40.3%
2006	92,087,083	80,517,110	11,569,973	87.4%	19,171,182	60.4%

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709. CALPERS reports this information approximately seventeen months after the end of its June 30 fiscal year.

Actuarially required contributions for fiscal years 2008, 2007 and 2006 were \$7,271,532, \$5,929,741, and \$4,921,701, respectively. The City made these contributions as required, together with certain immaterial amounts required as the result of the payment of overtime and other additional employee compensation.

**B. Postemployment Health Care Benefits**

The City provides health care benefits for retired employees and their dependents based on negotiated employee bargaining unit contracts. All Public Safety Employees that retired from City service are eligible for City payment of health care premiums at 100%, up to the amount equal to the premium for the group health insurance available through PERS for the Kaiser-North plan.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 10 – PENSION PLANS (Continued)**

In order to comply with the provisions of Governmental Accounting Standards Board Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the City will begin reporting the funding status of retiree medical benefits starting fiscal year 2009. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits (OPEB). As part of the implementation, the City has elected to participate in CALPERS Employers' Retiree Benefit Trust Fund (CERBT) to provide a funding mechanism for the OPEB in fiscal year 2009.

**Funding Policy and Actuarial Assumptions**

The City has elected to use a modified funding approach that will gradually move from a pay-as-you-go basis to an actuarial-based funding methodology over the course of seven to ten years. The City will continue to pay for current retiree medical benefits from funds allocated in the annual budget for that purpose while transferring to the CEBRT funds set-aside annually in excess of the funds required to pay current benefits. Once the City's balance in the CEBRT reaches an unspecified funding level, the City will begin transferring all funding in support of OPEB benefits to CEBRT, and requesting disbursements from the CEBRT to pay for retiree benefits.

Using a third party trust allows the City to take advantage of potential higher rates of return, as such programs are not restricted in their investment options in the same way cities are. The City believes that by doing so, it will reduce the City's unfunded liability.

The annual required contribution (ARC) was determined as part of a June 30, 2006 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions shown in the table below include (a) investment rate of return on both a pay as you go basis and a pre-funded basis, (b) 3.25% aggregate payroll increase, and (c) 4.5% health inflation increases.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 10 – PENSION PLANS (Continued)**

The following table shows both a 4.25% and a 7.0% discount rate which approximates a rate for a City trust as well as a third party trust. In reality, due to the 10-year phase in of ARC, the discount rate will most likely fall somewhere in between these two rates until the ARC is fully funded.

**Amortization Sensitivity**  
(000's Omitted)

<b>Discount Rate</b>	<b>20 years</b>		<b>30 years</b>	
	<b>4.25%</b>	<b>7.00%</b>	<b>4.25%</b>	<b>7.00%</b>
<b>Present Value Pension Benefits (PVPB)</b>				
	\$104,949	\$59,237	\$104,949	\$59,237
<b>Funded Status</b>				
Actuarial Accrued Liability (AAL)	65,531	42,702	65,531	42,702
Assets	0	0	0	0
Unfunded AAL (UAAL)	65,531	42,702	65,531	42,702
<b>2006/07 Annual Required Contribution (ARC)</b>				
Normal Cost	3,416	1,830	3,416	1,830
UAAL Amortization	3,738	3,139	2,610	2,437
Total ARC	\$7,154	\$4,969	\$6,026	\$4,267
ARC as % of payroll	27.60%	19.20%	23.30%	16.50%

The following table is a projection of the ten-year phase in of ARC:

**10 - Year Phase In of ARC Illustration**  
**7.00% Discount Rate**  
**30-Year Amortization**  
(000's Omitted)

<b>Fiscal Year</b>	<b>Beginning of</b>		<b>Annual OPEB</b>		<b>BP As % of</b>
<b>Beginning</b>	<b>Year Net</b>		<b>Cost (AOC)</b>	<b>Payroll</b>	<b>Payroll</b>
<b>1-Jul</b>	<b>OPEB</b>	<b>Contributions</b>			
	<b>Obligation</b>				
2006		\$1,120	\$4,267	\$25,888	4.3%
2007	\$3,147	1,682	4,589	26,729	6.3%
2008	6,054	2,248	4,896	27,598	8.1%
2009	8,702	2,849	5,185	28,495	10.0%
2010	11,037	3,474	5,452	29,421	11.8%
2011	13,016	4,078	5,696	30,377	13.4%
2012	14,634	4,658	5,915	31,365	14.9%
2013	15,891	5,220	6,110	32,384	16.1%
2014	16,780	5,730	6,280	33,436	17.1%
2015	17,330	6,171	6,428	34,523	17.9%

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 11 – DEFERRED COMPENSATION**

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

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

**NOTE 12 - RISK MANAGEMENT**

The City manages risk by participating in the public entity risk pools described below and by retaining certain risks.

Public entity risk pools are formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, those entities exercise full powers and authorities within the scope of the related Joint Powers Agreements including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Each risk pool is governed by a board consisting of representatives from member municipalities. Each board controls the operations of the respective risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on that board. Obligations and liabilities of these risk pools are not the City's responsibility.

***A. Risk Coverage***

The City is a member of the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) which provides coverage for general and auto liability, property, workers' compensation, fidelity and boiler and machinery claims. Once the City's deductible is met, YCPARMIA becomes responsible for payment of all claims up to the limit. In addition, the California Joint Powers Risk Management Authority (CJPRMA), United States Fidelity and Guarantee Company, CSAC-EIA, National Union and Great American Alliance Insurance provide coverage for amounts in excess of YCPARMIA's limits. During the fiscal year ended June 30, 2008, the City contributed \$1,525,846 for coverage.

The contributions made to each risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 12 - RISK MANAGEMENT (Continued)**

The following types of loss risks are covered by the above authorities under the terms of their respective joint-powers agreements and through commercial insurance policies as follows:

Type of Coverage	Deductible	Coverage Limits
General Liability and Auto Liability	\$5,000	\$40,000,000
Workers' Compensation	1,000	145,000,000 per occurrence
Property	1,000	527,409,854
Fidelity Coverage	1,000	1,000,000
Underground Storage Tank	25,000	1,000,000

Financial statements for the risk pools may be obtained from YCPARMIA at 77 West Lincoln Avenue, Woodland, CA 95695 and from CJPRMA at 6140 Stoneridge Mall Road, Suite 389, Pleasanton, CA 94588-3235.

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

**B. Insurance Internal Service Funds**

The Governmental Accounting Standards Board (GASB) requires municipalities to record their liability for uninsured claims. As discussed above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion of these claims.

The City's liability for uninsured *General Liability Claims*, including claims incurred but not reported is reported in the City's Self-Insurance Internal Service Fund. The liability is based on an independent actuarial study prepared annually and was computed as follows for the years ended June 30:

	2008	2007
Beginning balance	\$39,477	\$38,184
Liability for current fiscal year claims	45,000	35,000
Decrease in estimated liability for prior year claims	(23,697)	(30,387)
Payments made on current year claims	(2,040)	(523)
Payments made on prior year claims	(10,780)	(2,797)
Ending balance	\$47,960	\$39,477
Current Portion	\$47,960	\$10,780

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 12 - RISK MANAGEMENT (Continued)**

The change in the *Workers' Compensation Claims* liability, including claims incurred but not reported, is reported in the City's Self-Insurance Internal Service Fund. This liability is based on an independent actuarial study prepared annually and was computed as follows at June 30:

	2008	2007
Beginning balance	\$8,512	\$14,741
Liability for current fiscal year claims	18,000	23,000
Decrease in estimated liability for prior year claims	(2,910)	(8,826)
Payments made on current year claims	(1,283)	(14,488)
Payments made on prior year claims	(5,287)	(5,915)
Ending balance	<u>\$17,032</u>	<u>\$8,512</u>
Current Portion	<u>\$17,032</u>	<u>\$5,287</u>

The City's liability for uninsured *Long-Term Disability* claims is reported in the City's Self-Insurance Internal Service Fund. The liability is based on a City computed potential future liability adjusted by a present value factor and was computed as follows at June 30:

	2008	2007
Beginning balance	\$393,586	\$661,104
Liability for current fiscal year claims		
Increase in estimated liability for prior year claims	111,073	(177,892)
Payments made on current year claims		
Payments made on prior year claims	(92,266)	(89,626)
Ending balance	<u>\$412,393</u>	<u>\$393,586</u>
Current Portion	<u>\$92,266</u>	<u>\$92,266</u>

**NOTE 13 - COMMITMENTS AND CONTINGENCIES**

The City participates in several Federal and State grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act amendments of 1996 and applicable State requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

The State of California believes the Redevelopment Agency is responsible for clean-up of certain real property located in downtown Davis which has been identified as environmentally contaminated; the Agency does not agree. The Agency could be obligated by State and/or federal agencies to provide resources to remediate all or a portion of the contamination. Management has not been able to determine the extent of the contamination or the costs to the Agency for cleanup, if any; accordingly, no provision for any loss which may result has been recorded.

**CITY OF DAVIS**  
**Notes to Financial Statements**

**NOTE 13 - COMMITMENTS AND CONTINGENCIES (Continued)**

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no other pending litigation, which is likely to have a material adverse effect on the financial position of the City.

**NOTE 14 – SUBSEQUENT EVENT**

In July 2008, the City Council authorized to execute a credit agreement with Union Bank of California for a non-revolving, three-year line of credit in the amount not to exceed \$15,000,000 for the purpose of providing interim financing for the engineering/design phase of the secondary grade to the wastewater treatment plant.

<b>BUDGETED MAJOR GOVERNMENTAL FUNDS OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS</b>
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**DEVELOPMENT DEFERRED IMPROVEMENT**

This fund accounts for collections from property developers at time of subdivision for specific major offsite public improvements that impose a burden cost on the newly developed areas and that will be constructed at a later date.

CITY OF DAVIS  
DEVELOPMENT DEFERRED IMPROVEMENT FUND  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$638,145	\$638,145	\$1,103,269	\$465,124
Development fees	971,203	971,203	4,263,676	3,292,473
Other			2,075	2,075
Total Revenues	<u>1,609,348</u>	<u>1,609,348</u>	<u>5,369,020</u>	<u>3,759,672</u>
EXPENDITURES				
Current:				
Finance	93,569	93,569	87,096	6,473
Parks and community services	21,690	21,690	14,587	7,103
Special projects	186,103	186,103	61,762	124,341
Capital improvements	<u>1,757,198</u>	<u>3,708,120</u>	<u>2,858,411</u>	<u>849,709</u>
Total Expenditures	<u>2,058,560</u>	<u>4,009,482</u>	<u>3,021,856</u>	<u>987,626</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(449,212)</u>	<u>(2,400,134)</u>	<u>2,347,164</u>	<u>4,747,298</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(39,138)</u>	<u>(39,138)</u>	<u>(38,325)</u>	<u>813</u>
Total Other Financing Sources (Uses)	<u>(39,138)</u>	<u>(39,138)</u>	<u>(38,325)</u>	<u>813</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$488,350)</u>	<u>(\$2,439,272)</u>	<u>2,308,839</u>	<u>\$4,748,111</u>
BEGINNING FUND BALANCE			<u>23,019,560</u>	
ENDING FUND BALANCE			<u>\$25,328,399</u>	

<b>NON-MAJOR GOVERNMENTAL FUNDS</b>
-------------------------------------

**SPECIAL REVENUE FUNDS**

These funds account for the proceeds derived from specific revenue sources that are legally restricted to expenditures for specified purposes.

**GAS TAX**

This fund accounts for receipts and expenditures of funds apportioned to the City under the State Streets and Highways Code Section 2105, 2106, 2107 and 2107.5. The allocations are restricted for maintenance and construction of streets and roads.

**TDA NON-TRANSIT USE**

This fund accounts for funds received by the City under the State Transportation Development Act that are used for the maintenance and construction of streets, roads and bicycle or pedestrian facilities.

**OPEN SPACE**

This fund accounts for revenue from the Open Space Preservation Tax. Such tax revenues will be used to fund open space preservation and acquisition.

**PARK MAINTENANCE TAX**

This fund accounts for the receipts of the City's Parks Maintenance Tax, which provides the funding for the maintenance of community parks, greenbelts, open space, swimming pools and related public facilities.

**CABLE TV**

This fund accounts for receipts and expenditures of the City's local Cable TV activities.

**PUBLIC SAFETY**

This fund accounts for receipts and expenditures of funds produced by the Public Safety fee charged to each parcel within the City. The fee was implemented by City ordinance and may be expended only for Public Safety purposes.

**HOUSING IN-LIEU**

This fund accounts for payments received from developers in lieu of directly providing low-cost housing units. The purpose of the fee is to promote affordable housing opportunities.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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#### **MUNICIPAL ARTS**

This fund accounts for funds produced by City ordinance requiring a contribution for works of art equal to at least one percent of the cost from each City construction project. A contribution is not required where source funds restrictions will not permit it as legitimate project expenditure and funds generated must be used for art acquisition.

#### **CONSTRUCTION TAX**

This fund accounts for receipts and expenditures of the City's Construction Tax on local building activity.

#### **SUBDIVISION IN-LIEU PARK FEES**

This fund accounts for receipts and expenditures of funds from the City's In Lieu Park fee charged against property at subdivision. Collections may be expended only for the purpose of providing land for park or recreational facilities.

#### **IN-LIEU OF PARKING PAYMENTS**

This fund accounts for payments received from developers in lieu of the on-site parking required for projects in certain zoning areas in the City. Receipts must be expended to acquire and/or develop off-street parking and related facilities.

#### **FEDERAL/STATE HIGHWAY GRANTS**

This fund accounts for receipts and expenditures related to grants received for highway construction projects.

#### **COMMUNITY DEVELOPMENT BLOCK GRANT**

This fund accounts for financial activity under the Federal Department of Housing and Urban Development Block Grant Program.

#### **OPERATIONAL GRANTS**

This fund accounts for the receipt of various grants from State and Federal sources restricted to expenditure for specific programs or services.

#### **AGRICULTURE LAND ACQUISITION**

This fund accounts for the receipts of in lieu fees for agricultural mitigation.

#### **BUILDING PERMITS AND FEES**

This fund accounts for the collection of building permit fees and related expenditures.

#### **DAVISVILLE BOOK FUND**

This fund accounts for funds received from the sale of "Davisville '68, the History and Heritage of the City of Davis," published by the Davis Historical Commission.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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#### **HISTORICAL FUND**

This fund accounts for proceeds of fund raising activities of the Davis Historical and Landmarks Commission and the expenditure of those proceeds for the activities of the Commission.

#### **BRINLEY/HATTIE WEBER**

This fund accounts for donations to be used for the Hattie Weber Museum and related expenditures.

#### **DEBT SERVICE FUNDS**

Debt Service Funds are used to account for the payment of general long-term debt of the City and for resources accumulated for this purpose.

Funds have been created for the following long-term obligations:

Association of Bay Area Governments Certificates of Participation  
Public Facility Certificates of Participation.  
Redevelopment Agency Bonds and Special Assessment Payable

#### **CAPITAL PROJECTS FUNDS**

Capital Projects Funds are utilized to account for resources used for the acquisition and construction of capital facilities by the City, with the exception of those assets financed by proprietary funds.

#### **DAVIS RESEARCH PARK**

The City is the custodian of funds received from the issuance of bonds for the Davis Research Park special assessment district. These funds are restricted for the construction or acquisition of improvements benefiting the District.

#### **ARLINGTON BOULEVARD BENEFIT AREA**

This fund accounts for collections of fees from the property developed in and adjacent to the Arlington Boulevard Area of Benefit and the expenditures made for development of this major street.

#### **CAPITAL GRANTS**

This fund accounts for intergovernmental grants received for specific capital projects.

#### **DAVIS LAND ACQUISITION**

This fund accounts for moneys reserved for the acquisition of land by the City of Davis.

#### **PUBLIC FACILITIES FINANCING AUTHORITY**

This fund accounts for expenditures incurred in connection with the establishment of a series of Community Facilities Districts under the State Mello-Roos Act for the construction of infrastructure and improvements.

#### **MELLO ROOS COMMUNITY FACILITIES DISTRICT**

This fund accounts for expenditures for infrastructure and improvements in the Mace Ranch Park development project financed through Mello-Roos Act bonds.

<b>NON-MAJOR GOVERNMENTAL FUNDS (Continued)</b>
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**REDEVELOPMENT AGENCY**

This fund accounts for expenditures of the City's Redevelopment Agency for capital purposes in furtherance of the Redevelopment plan.

**OXFORD CIRCLE PARK AND PARKING LOT**

The City is the custodian of funds received from the issuance of bonds for Oxford Circle Park and Parking Lot special assessment district. These funds are restricted for the construction or acquisition of improvements benefiting the District.

CITY OF DAVIS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2008

	SPECIAL REVENUE FUNDS				
	Gas Tax	TDA Non-Transit Use	Open Space	Park Maintenance Tax	Cable TV
ASSETS					
Cash and investments	\$150,769		\$2,983,595		\$696,421
Cash with fiscal agents					
Accrued interest	5,251	\$2,398	23,861		12,380
Receivables:					
General accounts			32,453	\$67,458	258,085
Grants	389,005	474,915			
Utility accounts					
Loans					
Mortgages					
Total Assets	<u>\$545,025</u>	<u>\$477,313</u>	<u>\$3,039,909</u>	<u>\$67,458</u>	<u>\$966,886</u>
LIABILITIES					
Accounts payable	\$67,696	\$10,573	\$10,323	\$21,693	\$1,227
Deposits			18,425		
Deferred revenue					
Due to other funds		317,679		30,569	
Total Liabilities	<u>67,696</u>	<u>328,252</u>	<u>28,748</u>	<u>52,262</u>	<u>1,227</u>
FUND EQUITY					
Fund balances:					
Reserved for					
Debt service					
Encumbrances	13,596	18,478	5,385	12,705	61,775
Long-term loan receivable					
Unreserved, Undesignated	463,733	130,583	3,005,776	2,491	903,884
Total Fund Balances	<u>477,329</u>	<u>149,061</u>	<u>3,011,161</u>	<u>15,196</u>	<u>965,659</u>
Total Liabilities and Fund Balances	<u>\$545,025</u>	<u>\$477,313</u>	<u>\$3,039,909</u>	<u>\$67,458</u>	<u>\$966,886</u>

SPECIAL REVENUE FUNDS

Public Safety	Housing In-Lieu	Municipal Arts	Construction Tax	Subdivision In-Lieu Park Fees	In-Lieu of Parking Payments	Federal/State Highway Grant
\$264,531	\$250,673	\$225,006	\$915,803	\$506,852	\$389,923	\$438,136
1,848	1,992	1,982	11,272	4,429	3,422	1,993
66,383						
157,758						
	5,087,307					
	310,380					
<u>\$490,520</u>	<u>\$5,650,352</u>	<u>\$226,988</u>	<u>\$927,075</u>	<u>\$511,281</u>	<u>\$393,345</u>	<u>\$440,129</u>
\$33,339			\$642			
				49,500		
211,785	\$302,332					
<u>245,124</u>	<u>302,332</u>		<u>642</u>	<u>49,500</u>		
21,834	21,695	\$5,825	314,231			
	5,066,018					
223,562	260,307	221,163	612,202	461,781	\$393,345	\$440,129
245,396	5,348,020	226,988	926,433	461,781	393,345	440,129
<u>\$490,520</u>	<u>\$5,650,352</u>	<u>\$226,988</u>	<u>\$927,075</u>	<u>\$511,281</u>	<u>\$393,345</u>	<u>\$440,129</u>

(Continued)

CITY OF DAVIS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2008

SPECIAL REVENUE FUNDS

	Community Development Block Grant	Operational Grants	Agriculture Land Acquisition	Building Permits and Fees	Davisville Book Fund	Historical Fund
<b>ASSETS</b>						
Cash and investments		\$862,664	\$609,949	\$174,282	\$22,561	\$6,258
Cash with fiscal agents						
Accrued interest		10,293	8,189	2,234	200	56
Receivables:						
General accounts				35,518		
Grants	\$427,934	482,020				
Utility accounts						
Loans	1,794,478	4,052,797				
Mortgages		603,186				
Total Assets	<u>\$2,222,412</u>	<u>\$6,010,960</u>	<u>\$618,138</u>	<u>\$212,034</u>	<u>\$22,761</u>	<u>\$6,314</u>
<b>LIABILITIES</b>						
Accounts payable	\$27,268	\$42,397		\$52,546		
Deposits						
Deferred revenue						
Due to other funds	<u>170,366</u>					
Total Liabilities	<u>197,634</u>	<u>42,397</u>		<u>52,546</u>		
<b>FUND EQUITY</b>						
Fund balances:						
Reserved for						
Debt service						
Encumbrances	104,519	223,712		2,021		
Long-term loan receivable	1,794,478	4,315,983				
Unreserved, Undesignated	<u>125,781</u>	<u>1,428,868</u>	<u>\$618,138</u>	<u>157,467</u>	<u>\$22,761</u>	<u>\$6,314</u>
Total Fund Balances	<u>2,024,778</u>	<u>5,968,563</u>	<u>618,138</u>	<u>159,488</u>	<u>22,761</u>	<u>6,314</u>
Total Liabilities and Fund Balances	<u>\$2,222,412</u>	<u>\$6,010,960</u>	<u>\$618,138</u>	<u>\$212,034</u>	<u>\$22,761</u>	<u>\$6,314</u>

SPECIAL REVENUE FUND	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS		
Brinley/Hattie Weber	Association of Bay Area Governments Certificates of Participation	Public Facility	Redevelopment Agency	Davis Research Park	Arlington Boulevard Benefit Area	Capital Grants
\$7,021	\$157,322	\$1,207		\$746,998	\$357,188	
122	213,026					
	1,293	6		6,638	3,174	\$1,451
						440,000
<u>\$7,143</u>	<u>\$371,641</u>	<u>\$1,213</u>		<u>\$753,636</u>	<u>\$360,362</u>	<u>\$441,451</u>
\$6						\$1,668
						37,775
<u>6</u>						<u>39,443</u>
	\$371,641	\$1,213				2,226
<u>7,137</u>				<u>\$753,636</u>	<u>\$360,362</u>	<u>399,782</u>
<u>7,137</u>	<u>371,641</u>	<u>1,213</u>		<u>753,636</u>	<u>360,362</u>	<u>402,008</u>
<u>\$7,143</u>	<u>\$371,641</u>	<u>\$1,213</u>		<u>\$753,636</u>	<u>\$360,362</u>	<u>\$441,451</u>

(Continued)

CITY OF DAVIS  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2008

	CAPITAL PROJECTS FUND					
	Davis Land Acquisition	Public Facilities Financing Authority	Mello Roos Community Facilities District	Redevelopment Agency	Oxford Circle Park and Parking Lot	Total Nonmajor Governmental Funds
ASSETS						
Cash and investments	\$1,477,265	\$206,688		\$636,642	\$46,907	\$12,134,661
Cash with fiscal agents						213,026
Accrued interest	13,127	1,829		5,292	417	125,149
Receivables:						
General accounts						459,897
Grants						2,213,874
Utility accounts						157,758
Loans						10,934,582
Mortgages						913,566
Total Assets	\$1,490,392	\$208,517		\$641,934	\$47,324	\$27,152,513
LIABILITIES						
Accounts payable				\$405		\$269,783
Deposits						67,925
Deferred revenue						514,117
Due to other funds						556,389
Total Liabilities				405		1,408,214
FUND EQUITY						
Fund balances:						
Reserved for						
Debt service						372,854
Encumbrances	\$3			150,013		958,018
Long-term loan receivable						11,176,479
Unreserved, Undesignated	1,490,389	\$208,517		491,516	\$47,324	13,236,948
Total Fund Balances	1,490,392	208,517		641,529	47,324	25,744,299
Total Liabilities and Fund Balances	\$1,490,392	\$208,517		\$641,934	\$47,324	\$27,152,513

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

	SPECIAL REVENUE FUNDS				
	Gas Tax	TDA Non-Transit Use	Open Space	Park Maintenance Tax	Cable TV
REVENUES					
Taxes			\$637,786	\$1,337,888	\$477,476
Use of money and property	\$28,791	\$12,884	123,808	3	56,301
Intergovernmental	1,168,663	474,915			238,631
Charges for current services					
Development fees					
Other			5,100		494
Total Revenues	1,197,454	487,799	766,694	1,337,891	772,902
EXPENDITURES					
Current:					
City Manager					
City Attorney					
Finance					
Community development					
Parks and community services			168,345	1,322,695	1,263,217
Public safety - fire					
Public safety - police					
Public works	1,583,463	1,329,651			
Special projects					
Capital improvements	3,639		46,597		
Debt service:					
Principal					
Interest and fiscal charges					
Special assessment					
Total Expenditures	1,587,102	1,329,651	214,942	1,322,695	1,263,217
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(389,648)	(841,852)	551,752	15,196	(490,315)
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers (out)					
Total Other Financing Sources (Uses)					
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(389,648)	(841,852)	551,752	15,196	(490,315)
BEGINNING FUND BALANCES	866,977	990,913	2,459,409		1,455,974
ENDING FUND BALANCES	\$477,329	\$149,061	\$3,011,161	\$15,196	\$965,659

SPECIAL REVENUE FUNDS

Public Safety	Housing In-Lieu	Municipal Arts	Construction Tax	Subdivision In-Lieu Park Fees	In-Lieu of Parking Payments	Federal/State Highway Grants
\$390,791			\$856,186			
9,372	\$47,072	\$10,399	59,447	\$22,629	\$17,940	\$13,677
127,165			75,605			299,000
1,867,385	56,241					
		15,400	39,600	366,329	20,000	
2,394,713	103,313	25,799	1,030,838	388,958	37,940	312,677
53,696						
		4,351	125,396			
			243,664			
1,196,070						
1,203,985						
			91,288			111,715
	3,305		61,690			
			1,491,989		437	1,138,299
2,453,751	3,305	4,351	2,014,027		437	1,250,014
(59,038)	100,008	21,448	(983,189)	388,958	37,503	(937,337)
			(63,506)	(148,182)		
			(63,506)	(148,182)		
(59,038)	100,008	21,448	(1,046,695)	240,776	37,503	(937,337)
304,434	5,248,012	205,540	1,973,128	221,005	355,842	1,377,466
\$245,396	\$5,348,020	\$226,988	\$926,433	\$461,781	\$393,345	\$440,129

(Continued)

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

	SPECIAL REVENUE FUNDS					
	Community Development Block Grant	Operational Grants	Agriculture Land Acquisition	Building Permits and Fees	Davisville Book Fund	Historical Fund
REVENUES						
Taxes						
Use of money and property	\$1,656	\$59,724	\$42,916	\$11,581	\$1,051	\$291
Intergovernmental	1,104,797	778,604				
Charges for current services				1,564,861	76	
Development fees						
Other				269		
Total Revenues	1,106,453	838,328	42,916	1,576,711	1,127	291
EXPENDITURES						
Current:						
City Manager						
City Attorney						
Finance						
Community development				1,729,122		
Parks and community services			10,300			
Public safety - fire						
Public safety - police						
Public works						
Special projects	1,104,278	850,211				
Capital improvements			401,268			
Debt service:						
Principal						
Interest and fiscal charges						
Special assessment						
Total Expenditures	1,104,278	850,211	411,568	1,729,122		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,175	(11,883)	(368,652)	(152,411)	1,127	291
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	2,175	(11,883)	(368,652)	(152,411)	1,127	291
BEGINNING FUND BALANCES	2,022,603	5,980,446	986,790	311,899	21,634	6,023
ENDING FUND BALANCES	\$2,024,778	\$5,968,563	\$618,138	\$159,488	\$22,761	\$6,314

SPECIAL REVENUE FUND	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS		
Brinley/Hattie Weber	Association of Bay Area Governments Certificates of Participation	Public Facility	Redevelopment Agency	Davis Research Park	Arlington Boulevard Benefit Area	Capital Grants
\$644	\$13,990	\$43	\$262,871	\$34,848	\$16,663	\$9,531 650,000
644	13,990	43	262,871	34,848	16,663	659,531
6,818						657,181
	120,000	25,000	800,000			
	91,688	13,325	810,731			
			88,231			
6,818	211,688	38,325	1,698,962			657,181
(6,174)	(197,698)	(38,282)	(1,436,091)	34,848	16,663	2,350
	211,688	38,325	1,274,843			
	211,688	38,325	1,274,843			
(6,174)	13,990	43	(161,248)	34,848	16,663	2,350
13,311	357,651	1,170	161,248	718,788	343,699	399,658
\$7,137	\$371,641	\$1,213		\$753,636	\$360,362	\$402,008
(Continued)						

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

	CAPITAL PROJECTS FUNDS					
	Davis Land Acquisition	Public Facilities Financing Authority	Mello Roos Community Facilities District	Redevelopment Agency	Oxford Circle Park and Parking Lot	Total Nonmajor Governmental Funds
REVENUES						
Taxes						\$3,700,127
Use of money and property	\$68,917	\$9,599		\$27,425	\$2,188	966,261
Intergovernmental						4,917,380
Charges for current services						3,488,563
Development fees						441,329
Other						5,863
Total Revenues	68,917	9,599		27,425	2,188	13,519,523
EXPENDITURES						
Current:						
City Manager						
City Attorney	50					50
Finance						53,696
Community development						1,858,869
Parks and community services						3,015,039
Public safety - fire						1,196,070
Public safety - police						1,203,985
Public works						3,116,117
Special projects						2,019,484
Capital improvements				97,439		3,836,849
Debt service:						
Principal						945,000
Interest and fiscal charges						915,744
Special assessment						88,231
Total Expenditures	50			97,439		18,249,134
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	68,867	9,599		(70,014)	2,188	(4,729,611)
OTHER FINANCING SOURCES (USES)						
Transfers in						1,524,856
Transfers (out)						(211,688)
Total Other Financing Sources (Uses)						1,313,168
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	68,867	9,599		(70,014)	2,188	(3,416,443)
BEGINNING FUND BALANCES	1,421,525	198,918		711,543	45,136	29,160,742
ENDING FUND BALANCES	\$1,490,392	\$208,517		\$641,529	\$47,324	\$25,744,299

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

	GAS TAX			TDA NON-TRANSIT USE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses and permits						
Fines and forfeitures						
Use of money and property	\$8,121	\$28,791	\$20,670		\$12,884	\$12,884
Intergovernmental	1,190,000	1,168,663	(21,337)	\$474,915	474,915	
Charges for current services						
Development fees						
Contributions from property owners						
Other						
Total Revenues	1,198,121	1,197,454	(667)	474,915	487,799	12,884
EXPENDITURES						
Current:						
City Manager						
City Attorney						
Finance						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works	1,733,376	1,583,463	149,913	1,478,234	1,329,651	148,583
Special projects						
Capital improvements	25,000	3,639	21,361			
Debt service:						
Principal						
Interest and fiscal charges						
Special assessment						
Total Expenditures	1,758,376	1,587,102	171,274	1,478,234	1,329,651	148,583
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(560,255)	(389,648)	170,607	(1,003,319)	(841,852)	161,467
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(\$560,255)	(389,648)	\$170,607	(\$1,003,319)	(841,852)	\$161,467
BEGINNING FUND BALANCE		866,977			990,913	
ENDING FUND BALANCE		\$477,329			\$149,061	

OPEN SPACE			PARK MAINTENANCE TAX			CABLE TV		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$626,600	\$637,786	\$11,186	\$1,335,400	\$1,337,888	\$2,488	\$409,500	\$477,476	\$67,976
56,810	123,808	66,998		3	3	27,994 455,000	56,301 238,631	28,307 (216,369)
5,100	5,100					200	494	294
688,510	766,694	78,184	1,335,400	1,337,891	2,491	892,694	772,902	(119,792)
223,578	168,345	55,233	1,335,400	1,322,695	12,705	1,384,883	1,263,217	121,666
57,500	46,597	10,903						
281,078	214,942	66,136	1,335,400	1,322,695	12,705	1,384,883	1,263,217	121,666
407,432	551,752	144,320		15,196	15,196	(492,189)	(490,315)	1,874
\$407,432	551,752	\$144,320		15,196	\$15,196	(\$492,189)	(490,315)	\$1,874
	2,459,409						1,455,974	
	\$3,011,161			\$15,196			\$965,659	

(Continued)

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

	PUBLIC SAFETY			HOUSING IN-LIEU		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$443,400	\$390,791	(\$52,609)			
Licenses and permits						
Fines and forfeitures						
Use of money and property	701	9,372	8,671	\$44,074	\$47,072	\$2,998
Intergovernmental	90,000	127,165	37,165			
Charges for current services	1,855,000	1,867,385	12,385		56,241	56,241
Development fees						
Contributions from property owners						
Other						
Total Revenues	2,389,101	2,394,713	5,612	44,074	103,313	59,239
EXPENDITURES						
Current:						
City Manager						
City Attorney						
Finance	61,734	53,696	8,038			
Community development						
Parks and community services						
Public safety - fire	1,212,702	1,196,070	16,632			
Public safety - police	1,208,765	1,203,985	4,780			
Public works						
Special projects				25,000	3,305	21,695
Capital improvements						
Debt service:						
Principal						
Interest and fiscal charges						
Special assessment						
Total Expenditures	2,483,201	2,453,751	29,450	25,000	3,305	21,695
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(94,100)	(59,038)	35,062	19,074	100,008	80,934
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(\$94,100)	(59,038)	\$35,062	\$19,074	100,008	\$80,934
BEGINNING FUND BALANCE		304,434			5,248,012	
ENDING FUND BALANCE		\$245,396			\$5,348,020	

MUNICIPAL ARTS			CONSTRUCTION TAX			SUBDIVISION IN-LIEU PARK FEES		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$1,618,130	\$856,186	(\$761,944)			
\$4,596	\$10,399	\$5,803	87,020	59,447	(27,573)	\$6,811	\$22,629	\$15,818
			216,498	75,605	(140,893)			
765	15,400	14,635		39,600	39,600		366,329	366,329
5,361	25,799	20,438	1,921,648	1,030,838	(890,810)	6,811	388,958	382,147
21,775	4,351	17,424	377,737	125,396	252,341			
			245,649	243,664	1,985			
			146,849	91,288	55,561			
			61,691	61,690	1			
			2,542,972	1,491,989	1,050,983			
21,775	4,351	17,424	3,374,898	2,014,027	1,360,871			
(16,414)	21,448	37,862	(1,453,250)	(983,189)	470,061	6,811	388,958	382,147
			(64,667)	(63,506)	1,161	(150,891)	(148,182)	2,709
			(64,667)	(63,506)	1,161	(150,891)	(148,182)	2,709
(\$16,414)	21,448	\$37,862	(\$1,517,917)	(1,046,695)	\$471,222	(\$144,080)	240,776	\$384,856
	205,540			1,973,128			221,005	
	\$226,988			\$926,433			\$461,781	

(Continued)

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

	IN-LIEU OF PARKING PAYMENTS			FEDERAL/STATE HIGHWAY GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses and permits						
Fines and forfeitures						
Use of money and property	\$9,206	\$17,940	\$8,734	\$67,445	\$13,677	(\$53,768)
Intergovernmental				299,000	299,000	
Charges for current services						
Development fees	58,000	20,000	(38,000)			
Contributions from property owners						
Other						
Total Revenues	67,206	37,940	(29,266)	366,445	312,677	(53,768)
EXPENDITURES						
Current:						
City Manager						
City Attorney						
Finance						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works				150,699	111,715	38,984
Special projects	15,567		15,567			
Capital improvements	50,000	437	49,563	1,109,299	1,138,299	(29,000)
Debt service:						
Principal						
Interest and fiscal charges						
Special assessment						
Total Expenditures	65,567	437	65,130	1,259,998	1,250,014	9,984
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,639	37,503	35,864	(893,553)	(937,337)	(43,784)
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$1,639	37,503	\$35,864	(\$893,553)	(937,337)	(\$43,784)
BEGINNING FUND BALANCE		355,842			1,377,466	
ENDING FUND BALANCE		\$393,345			\$440,129	

COMMUNITY DEVELOPMENT BLOCK GRANT			OPERATIONAL GRANTS			AGRICULTURE LAND ACQUISITION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$991	\$1,656	\$665	\$27,341	\$59,724	\$32,383	\$29,986	\$42,916	\$12,930
1,083,613	1,104,797	21,184	862,474	778,604	(83,870)			
1,084,604	1,106,453	21,849	889,815	838,328	(51,487)	29,986	42,916	12,930
						20,000	10,300	9,700
1,178,379	1,104,278	74,101	1,158,431	850,211	308,220			
						440,000	401,268	38,732
1,178,379	1,104,278	74,101	1,158,431	850,211	308,220	460,000	411,568	48,432
(93,775)	2,175	95,950	(268,616)	(11,883)	256,733	(430,014)	(368,652)	61,362
(\$93,775)	2,175	\$95,950	(\$268,616)	(11,883)	\$256,733	(\$430,014)	(368,652)	\$61,362
	2,022,603			5,980,446			986,790	
	\$2,024,778			\$5,968,563			\$618,138	

(Continued)

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

	BUILDING PERMITS AND FEES			DAVISVILLE BOOK FUND		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses and permits						
Fines and forfeitures						
Use of money and property		\$11,581	\$11,581	\$554	\$1,051	\$497
Intergovernmental						
Charges for current services	\$1,960,460	1,564,861	(395,599)	50	76	26
Development fees						
Contributions from property owners						
Other		269	269			
Total Revenues	1,960,460	1,576,711	(383,749)	604	1,127	523
EXPENDITURES						
Current:						
City Manager						
City Attorney						
Finance						
Community development	2,226,708	1,729,122	497,586			
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital improvements						
Debt service:						
Principal						
Interest and fiscal charges						
Special assessment						
Total Expenditures	2,226,708	1,729,122	497,586			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(266,248)	(152,411)	113,837	604	1,127	523
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(\$266,248)	(152,411)	\$113,837	\$604	1,127	\$523
BEGINNING FUND BALANCE		311,899			21,634	
ENDING FUND BALANCE		\$159,488			\$22,761	

HISTORICAL FUND			BRINLEY/HATTIE WEBER			ASSOCIATION OF BAY AREA GOVERNMENTS CERTIFICATES OF PARTICIPATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$198	\$291	\$93	\$887	\$644	(\$243)	\$12,961	\$13,990	\$1,029
198	291	93	887	644	(243)	12,961	13,990	1,029
22		22	6,821	6,818	3			
						120,000	120,000	
						95,558	91,688	3,870
22		22	6,821	6,818	3	215,558	211,688	3,870
176	291	115	(5,934)	(6,174)	(240)	(202,597)	(197,698)	4,899
						215,558	211,688	(3,870)
						215,558	211,688	(3,870)
\$176	291	\$115	(\$5,934)	(6,174)	(\$240)	\$12,961	13,990	\$1,029
	6,023			13,311			357,651	
	\$6,314			\$7,137			\$371,641	

(Continued)

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

	PUBLIC FACILITY			REDEVELOPMENT AGENCY DEBT SERVICE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses and permits						
Fines and forfeitures						
Use of money and property	\$591	\$43	(\$548)	\$172,229	\$262,871	\$90,642
Intergovernmental						
Charges for current services						
Development fees						
Contributions from property owners						
Other						
Total Revenues	591	43	(548)	172,229	262,871	90,642
EXPENDITURES						
Current:						
City Manager						
City Attorney						
Finance						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital improvements						
Debt service:						
Principal	25,000	25,000		13,472,900	800,000	12,672,900
Interest and fiscal charges	14,138	13,325	813	1,715,181	810,731	904,450
Special assessment				88,871	88,231	640
Total Expenditures	39,138	38,325	813	15,276,952	1,698,962	13,577,990
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(38,547)	(38,282)	265	(15,104,723)	(1,436,091)	13,668,632
OTHER FINANCING SOURCES (USES)						
Transfers in	39,138	38,325	(813)	1,683,748	1,274,843	(408,905)
Transfers (out)						
Total Other Financing Sources (Uses)	39,138	38,325	(813)	1,683,748	1,274,843	(408,905)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$591	43	(\$548)	(\$13,420,975)	(161,248)	\$13,259,727
BEGINNING FUND BALANCE		1,170			161,248	
ENDING FUND BALANCE		\$1,213				

DAVIS RESEARCH PARK			ARLINGTON BOULEVARD BENEFIT AREA			CAPITAL GRANTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$18,442	\$34,848	\$16,406	\$8,818	\$16,663	\$7,845	\$119,407	\$9,531 650,000	\$9,531 530,593
18,442	34,848	16,406	8,818	16,663	7,845	119,407	659,531	540,124
						600,000	657,181	(57,181)
						600,000	657,181	(57,181)
18,442	34,848	16,406	8,818	16,663	7,845	(480,593)	2,350	482,943
<u>\$18,442</u>	34,848	<u>\$16,406</u>	<u>\$8,818</u>	16,663	<u>\$7,845</u>	<u>(\$480,593)</u>	2,350	<u>\$482,943</u>
	718,788			343,699			399,658	
	<u>\$753,636</u>			<u>\$360,362</u>			<u>\$402,008</u>	

(Continued)

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

	DAVIS LAND ACQUISITION			PUBLIC FACILITIES FINANCING AUTHORITY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Licenses and permits						
Fines and forfeitures						
Use of money and property	\$36,466	\$68,917	\$32,451	\$33,981	\$9,599	(\$24,382)
Intergovernmental						
Charges for current services						
Development fees						
Contributions from property owners						
Other						
Total Revenues	36,466	68,917	32,451	33,981	9,599	(24,382)
EXPENDITURES						
Current:						
City Manager						
City Attorney	53	50	3			
Finance						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital improvements				680,275		680,275
Debt service:						
Principal						
Interest and fiscal charges						
Special assessment						
Total Expenditures	53	50	3	680,275		680,275
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	36,413	68,867	32,454	(646,294)	9,599	655,893
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$36,413</u>	<u>68,867</u>	<u>\$32,454</u>	<u>(\$646,294)</u>	<u>9,599</u>	<u>\$655,893</u>
BEGINNING FUND BALANCE		<u>1,421,525</u>			<u>198,918</u>	
ENDING FUND BALANCE		<u><u>\$1,490,392</u></u>			<u><u>\$208,517</u></u>	

MELLO ROOS COMMUNITY FACILITIES DISTRICT			REDEVELOPMENT AGENCY CAPITAL PROJECTS			OXFORD CIRCLE PARK AND PARKING LOT		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$35		(\$35)	\$38,340 25,000	\$27,425	(\$10,915) (25,000)	\$1,158	\$2,188	\$1,030
35		(35)	63,340	27,425	(35,915)	1,158	2,188	1,030
			911,135	97,439	813,696			
			911,135	97,439	813,696			
35		(35)	(847,795)	(70,014)	777,781	1,158	2,188	1,030
			337,093		(337,093)			
			337,093		(337,093)			
\$35		(\$35)	(\$510,702)	(70,014)	\$440,688	\$1,158	2,188	\$1,030
				711,543			45,136	
				\$641,529			\$47,324	

<b>INTERNAL SERVICE FUNDS</b>
-------------------------------

Internal Service Funds are used to account for special activities and services performed by a designated City department for other departments on a cost reimbursement basis.

**GENERAL SERVICES FUND**

This fund accounts for the financial activity of the City's centralized duplicating and postal operation, its central garage and vehicle maintenance services, central data processing and telecommunications services and the central stores inventory service.

**BUILDING MAINTENANCE FUND**

This fund accumulates the costs for the City's building and electrical maintenance services.

**CITY SELF-INSURANCE FUND**

This fund accumulates costs of the City's insurance and risk management programs to permit a cost recovery insurance fee to be charged against City operating programs.

CITY OF DAVIS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF NET ASSETS  
JUNE 30, 2008

	General Services	Building Maintenance	City Self- Insurance	Total
<b>ASSETS</b>				
Cash and investments	\$6,519,735	\$340,638	\$246,194	\$7,106,567
Accrued interest	59,096	2,554		61,650
Accounts receivable	5,005		86,911	91,916
Inventory	288,066			288,066
Advances to other funds	2,709,105			2,709,105
Capital assets:				
Non-depreciable	568,355			568,355
Depreciable	15,020,107			15,020,107
Accumulated depreciation	(6,748,429)			(6,748,429)
Total Assets	<u>18,421,040</u>	<u>343,192</u>	<u>333,105</u>	<u>19,097,337</u>
<b>LIABILITIES</b>				
Payables:				
Accounts	218,550	60,662	70,476	349,688
Leave benefits	104,011	22,875		126,886
Deposits payable	64,880			64,880
Deferred revenue	2,455			2,455
Claims payable:				
Due within one year			157,258	157,258
Due in more than one year			320,127	320,127
Total Liabilities	<u>389,896</u>	<u>83,537</u>	<u>547,861</u>	<u>1,021,294</u>
<b>NET ASSETS</b>				
Invested in capital assets	8,840,033			8,840,033
Unrestricted	9,191,111	259,655	(214,756)	9,236,010
Total Net Assets	<u><u>\$18,031,144</u></u>	<u><u>\$259,655</u></u>	<u><u>(\$214,756)</u></u>	<u><u>\$18,076,043</u></u>

CITY OF DAVIS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	General Services	Building Maintenance	City Self- Insurance	Total
OPERATING REVENUES				
Charges for current services	\$5,790,940	\$1,636,110	\$4,308,661	\$11,735,711
Total Operating Revenues	5,790,940	1,636,110	4,308,661	11,735,711
OPERATING EXPENSES				
Central stores	232,312			232,312
Central equipment	2,069,352			2,069,352
Duplication - postal	306,938			306,938
City administrative facility maintenance	87,434	1,423,952		1,511,386
City electrical maintenance		197,180		197,180
Insurance administration			260,616	260,616
Insurance premiums			3,227,415	3,227,415
Litigation			64,621	64,621
MIS services	1,596,227			1,596,227
Depreciation	1,085,663			1,085,663
Total Operating Expenses	5,377,926	1,621,132	3,552,652	10,551,710
Operating Income	413,014	14,978	756,009	1,184,001
NONOPERATING REVENUES				
Interest income	487,779	13,799	83	501,661
Gain on disposal of capital assets	32,486			32,486
Other	253,787	36	26,004	279,827
Total Nonoperating Revenues	774,052	13,835	26,087	813,974
Income before transfers	1,187,066	28,813	782,096	1,997,975
Transfers in	288,114			288,114
Change in Net Assets	1,475,180	28,813	782,096	2,286,089
BEGINNING NET ASSETS (DEFICIT)	16,555,964	230,842	(996,852)	15,789,954
ENDING NET ASSETS (DEFICIT)	\$18,031,144	\$259,655	(\$214,756)	\$18,076,043

CITY OF DAVIS  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOW  
FOR THE YEAR ENDED JUNE 30, 2008

	General Services	Building Maintenance	City Self- Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$6,071,580	\$1,636,146	\$4,263,208
Payments to suppliers	(4,213,248)	(1,602,744)	(3,430,984)
Payments to employees	(8,332)	(2,652)	
Claims paid			(28,811)
Cash Flows from Operating Activities	1,850,000	30,750	803,413
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Interfund receipts	271,292		
Interfund payments			(567,711)
Transfers in	288,114		
Cash Flows from Noncapital Financing Activities	559,406		(567,711)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Capital asset additions, net	(962,489)		
Proceeds from sale of capital assets	32,486		
Cash Flows from Capital and Related Financing Activities	(930,003)		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	502,815	23,326	10,492
Cash Flows from Investing Activities	502,815	23,326	10,492
<b>Net Cash Flows</b>	<b>1,982,218</b>	<b>54,076</b>	<b>246,194</b>
Cash and investments at beginning of period	4,537,517	286,562	
Cash and investments at end of period	\$6,519,735	\$340,638	\$246,194
<b>Reconciliation of operating income to net cash flows from operating activities:</b>			
Operating income	\$413,014	\$14,978	\$756,009
Adjustments to reconcile operating income to net cash flows from operating activities:			
Depreciation	1,085,663		
Other revenues	253,787	36	26,004
Change in assets and liabilities:			
General accounts receivable	16,159		(71,457)
Inventory	(20,277)		
Accounts payable	99,292	18,388	57,047
Leave benefits payable	(8,332)	(2,652)	
Claims payable			35,810
Deposits payable	8,239		
Deferred revenue	2,455		
Cash Flows from Operating Activities	\$1,850,000	\$30,750	\$803,413

Total
\$11,970,934
(9,246,976)
(10,984)
(28,811)
2,684,163
271,292
(567,711)
288,114
(8,305)
(962,489)
32,486
(930,003)
536,633
536,633
2,282,488
4,824,079
\$7,106,567
\$1,184,001
1,085,663
279,827
(55,298)
(20,277)
174,727
(10,984)
35,810
8,239
2,455
\$2,684,163

<b>AGENCY FUNDS</b>
---------------------

Agency Funds account for assets held by the City as agent for individuals, governmental entities, and non-public organizations. These funds include the following:

*Agency Funds* are maintained for the following:

PUBLIC FACILITIES FINANCING AUTHORITY  
MELLO ROOS COMMUNITY FACILITIES DISTRICT  
UNIVERSITY RESEARCH PARK  
SPECIAL ASSESSMENT PARKING DISTRICT #3

These funds account for assessments collected from property owners in the respective assessment districts and the repayment of any debt issued by these assessment districts.

CITY OF DAVIS  
AGENCY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
<u>Public Facilities Financing Authority</u>				
Assets:				
Cash and investments	\$3,958,144	\$1,431,162	\$1,161,572	\$4,227,734
Cash with fiscal agents	1,173,277		6,689	1,166,588
Accrued interest receivable	44,452	33,476	44,452	33,476
Total Assets	<u>\$5,175,873</u>	<u>\$1,464,638</u>	<u>\$1,212,713</u>	<u>\$5,427,798</u>
Liabilities:				
Accounts payable	\$59		\$28	\$31
Due to bondholders	5,175,814	\$1,464,638	1,212,685	5,427,767
Total Liabilities	<u>\$5,175,873</u>	<u>\$1,464,638</u>	<u>\$1,212,713</u>	<u>\$5,427,798</u>
<u>Mello Roos Community Facilities District</u>				
Assets:				
Cash and investments	\$966,911	\$1,118,671		\$2,085,582
Cash with fiscal agents	17,637,516		\$17,219,054	418,462
Accrued interest receivable	16,177	12,260	16,177	12,260
Total Assets	<u>\$18,620,604</u>	<u>\$1,130,931</u>	<u>\$17,235,231</u>	<u>\$2,516,304</u>
Liabilities:				
Accounts payable	\$48,993	\$54,307	\$48,993	\$54,307
Due to bondholders	18,571,611	1,076,624	17,186,238	2,461,997
Total Liabilities	<u>\$18,620,604</u>	<u>\$1,130,931</u>	<u>\$17,235,231</u>	<u>\$2,516,304</u>

CITY OF DAVIS  
AGENCY FUNDS  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
<hr/> <b>University Research Park</b> <hr/>				
Assets:				
Cash and investments	\$375,562		\$154,831	\$220,731
Accrued interest receivable	4,046	\$2,426	4,046	2,426
Total Assets	<u>\$379,608</u>	<u>\$2,426</u>	<u>\$158,877</u>	<u>\$223,157</u>
Liabilities:				
Due to bondholders	\$379,608	\$2,426	\$158,877	\$223,157
Total Liabilities	<u>\$379,608</u>	<u>\$2,426</u>	<u>\$158,877</u>	<u>\$223,157</u>
<hr/> <b>Special Assessment Parking District #3</b> <hr/>				
Assets:				
Cash and investments	\$494,938		\$89,733	\$405,205
Accrued interest receivable	5,067	\$3,336	5,067	3,336
Total Assets	<u>\$500,005</u>	<u>\$3,336</u>	<u>\$94,800</u>	<u>\$408,541</u>
Liabilities:				
Due to bondholders	\$500,005	\$3,336	\$94,800	\$408,541
Total Liabilities	<u>\$500,005</u>	<u>\$3,336</u>	<u>\$94,800</u>	<u>\$408,541</u>
<hr/> <b>Total Agency Funds</b> <hr/>				
Assets:				
Cash and investments	\$5,795,555	\$2,549,833	\$1,406,136	\$6,939,252
Cash with fiscal agents	18,810,793		17,225,743	1,585,050
Accrued interest receivable	69,742	51,498	69,742	51,498
Total Assets	<u>\$24,676,090</u>	<u>\$2,601,331</u>	<u>\$18,701,621</u>	<u>\$8,575,800</u>
Liabilities:				
Accounts payable	\$49,052	\$54,307	\$49,021	\$54,338
Due to bondholders	24,627,038	2,547,024	18,652,600	8,521,462
Total Liabilities	<u>\$24,676,090</u>	<u>\$2,601,331</u>	<u>\$18,701,621</u>	<u>\$8,575,800</u>

## STATISTICAL SECTION

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

### ***Financial Trends***

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

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

### ***Revenue Capacity***

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

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

### ***Debt Capacity***

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

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

### ***Demographic and Economic Information***

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

1. Demographic and Economic Statistics
2. Principal Employers

### ***Operating Information***

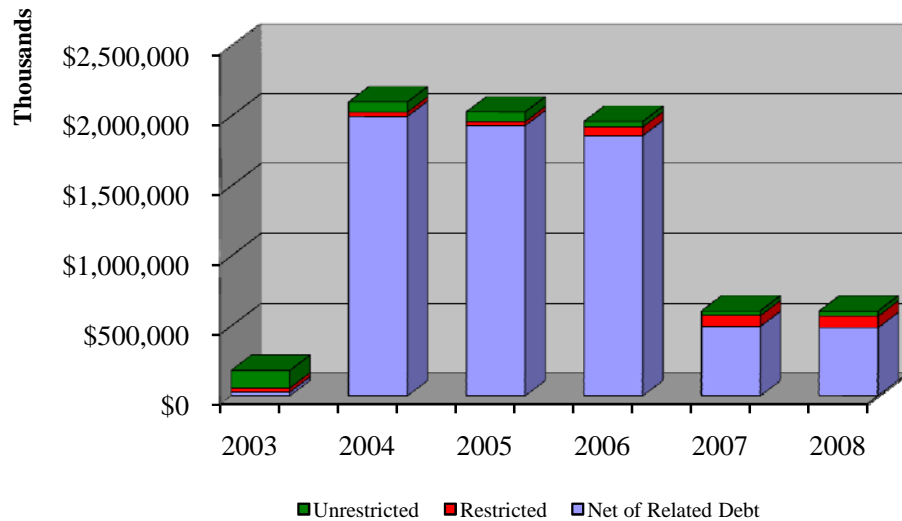
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs:

1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

### ***Sources***

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

**CITY OF DAVIS**  
**Net Assets by Component**  
**Last Six Fiscal Years**  
**(accrual basis of accounting)**



	Fiscal Year Ended June 30,					
	2003	2004	2005	2006	2007	2008
<b>Governmental activities</b>						
Invested in capital assets, net of related debt	\$27,704,789	\$1,941,360,614	\$1,872,781,202	\$1,794,829,805	\$274,639,149	\$268,196,258
Restricted	29,878,869	31,157,599	28,394,469	62,362,455	77,157,422	82,394,483
Unrestricted	50,153,144	53,089,644	50,347,342	24,637,626	11,068,382	7,754,642
Total governmental activities net assets	<u>\$107,736,802</u>	<u>\$2,025,607,857</u>	<u>\$1,951,523,013</u>	<u>\$1,881,829,886</u>	<u>\$362,864,953</u>	<u>\$358,345,383</u>
<b>Business-type activities</b>						
Invested in capital assets, net of related debt		\$58,702,409	\$60,969,494	\$67,057,515	\$223,527,504	\$221,228,535
Restricted	\$106,216	\$106,216	85,847	85,847	85,847	
Unrestricted	74,828,266	18,667,746	19,158,757	14,934,763	23,426,544	29,101,435
Total business-type activities net assets	<u>\$74,934,482</u>	<u>\$77,476,371</u>	<u>\$80,214,098</u>	<u>\$82,078,125</u>	<u>\$247,039,895</u>	<u>\$250,329,970</u>
<b>Primary government</b>						
Invested in capital assets, net of related debt	\$27,704,789	\$2,000,063,023	\$1,933,750,696	\$1,861,887,320	\$498,166,653	\$489,424,793
Restricted	29,985,085	31,263,815	28,480,316	62,448,302	77,243,269	82,394,483
Unrestricted	124,981,410	71,757,390	69,506,099	39,572,389	34,494,926	36,856,077
Total primary government net assets	<u>\$182,671,284</u>	<u>\$2,103,084,228</u>	<u>\$2,031,737,111</u>	<u>\$1,963,908,011</u>	<u>\$609,904,848</u>	<u>\$608,675,353</u>

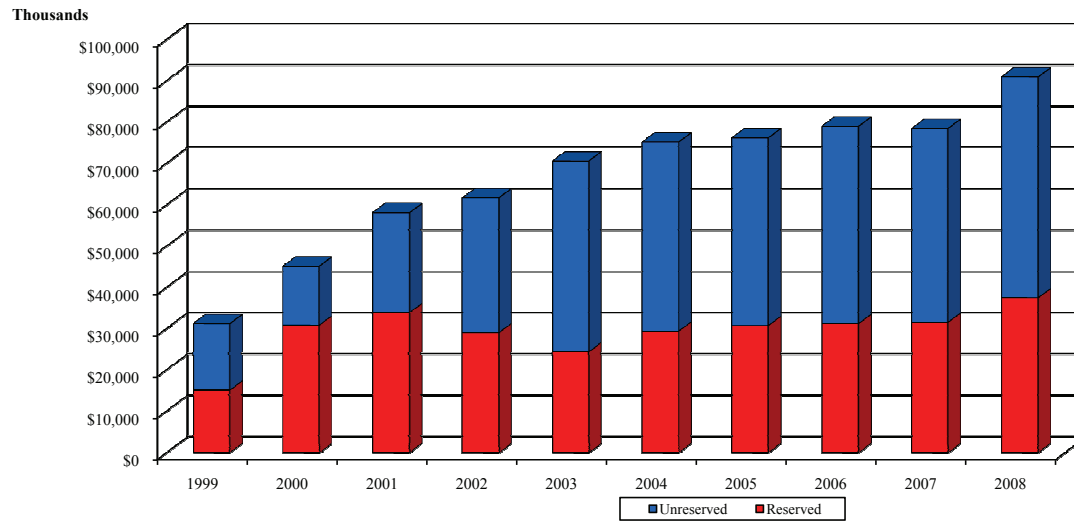
**CITY OF DAVIS**  
**Changes in Net Assets**  
**Last Six Fiscal Years**  
**(Accrual Basis of Accounting)**

	<b>Fiscal Year Ended June 30, 2008</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Expenses</b>						
Governmental Activities:						
General Government	\$3,225,626	\$3,225,626	\$3,571,950	\$3,558,319	\$4,147,737	\$4,960,591
Public Safety	15,461,386	15,461,386	17,309,890	20,723,420	19,574,310	24,805,660
Public Works	7,381,924	7,381,924	90,309,525	92,673,791	92,661,922	21,430,517
Community Development	3,874,644	3,874,644	2,881,783	3,583,231	3,562,456	3,834,291
Parks and Community Services	16,445,283	16,445,283	18,094,869	18,685,011	18,554,243	28,899,628
Interest on Long Term Debt	1,811,617	1,811,617	1,903,353	1,246,150	1,276,405	518,674
Total Governmental Activities Expenses	<u>48,200,480</u>	<u>48,200,480</u>	<u>134,071,370</u>	<u>140,469,922</u>	<u>139,777,073</u>	<u>84,449,361</u>
Business-Type Activities:						
Water	5,557,625	5,557,625	6,272,414	6,670,915	6,657,576	9,393,349
Sanitation	7,315,874	7,315,874	7,565,779	7,680,397	7,906,456	8,657,912
Sewer	5,885,551	5,885,551	5,135,805	6,446,797	7,249,341	8,543,712
Storm Sewer	1,288,905	1,288,905	1,454,896	1,704,263	1,827,081	3,145,490
Public transit	3,461,619	3,461,619	6,609,123	3,195,770	4,512,019	5,875,783
Total Business-Type Activities Expenses	<u>23,509,574</u>	<u>23,509,574</u>	<u>27,038,017</u>	<u>25,698,142</u>	<u>28,152,473</u>	<u>35,616,246</u>
Total Primary Government Expenses	<u>\$71,710,054</u>	<u>\$71,710,054</u>	<u>\$161,109,387</u>	<u>\$166,168,064</u>	<u>\$167,929,546</u>	<u>\$120,065,607</u>
<b>Program Revenues</b>						
Governmental Activities:						
Charges for Services:						
General Government	\$699,240	\$699,240	\$1,010,879	\$1,026,383	\$1,035,092	\$1,708,030
Public Safety	1,876,887	1,876,887	3,005,892	2,264,993	1,964,664	2,438,460
Public Works	267,186	267,186	442,050	165,807	191,953	548,021
Community Development	2,976,417	2,976,417	2,456,030	3,246,174	2,590,696	2,204,448
Parks and Community Services	2,153,542	2,153,542	2,113,853	2,135,708	2,255,983	2,594,141
Operating Grants and Contributions	14,026,809	14,026,809	12,527,085	14,240,090	14,423,942	18,585,069
Development impact fees and permits	4,374,463	4,374,463	1,815,385	5,370,574	1,515,806	5,711,509
Total Government Activities Program Revenues	<u>26,374,544</u>	<u>26,374,544</u>	<u>23,371,174</u>	<u>28,449,729</u>	<u>23,978,136</u>	<u>33,789,678</u>
Business-Type Activities:						
Charges for Services:						
Water	5,282,564	5,282,564	6,308,856	5,781,440	6,275,459	9,018,403
Sanitation	7,475,904	7,475,904	7,544,575	7,481,207	8,069,352	8,592,544
Sewer	5,013,322	5,013,322	7,048,496	7,836,303	9,145,774	11,919,343
Storm Sewer	1,219,046	1,219,046	1,234,991	1,295,695	1,451,252	1,567,009
Public transit	13,843	13,843	16,090	15,685	16,043	28,110
Operating Grants and Contributions	4,132,729	4,132,729	7,276,079	3,275,727	3,958,332	5,891,383
Development impact fees and permits	101,061	101,061		961,984	509,050	238,444
Total Business-Type Activities Program Revenue	<u>23,238,469</u>	<u>23,238,469</u>	<u>29,429,087</u>	<u>26,648,041</u>	<u>29,425,262</u>	<u>37,255,236</u>
Total Primary Government Program Revenues	<u>\$49,613,013</u>	<u>\$49,613,013</u>	<u>\$52,800,261</u>	<u>\$55,097,770</u>	<u>\$53,403,398</u>	<u>\$71,044,914</u>
<b>Net (Expense)/Revenue</b>						
Governmental Activities	(\$21,825,936)	(\$21,825,936)	(\$110,700,196)	(\$112,020,193)	(\$115,798,937)	(\$50,659,683)
Business-Type Activities	(271,105)	(271,105)	2,391,070	949,899	1,272,789	1,638,990
Total Primary Government Net Expense	<u>(\$22,097,041)</u>	<u>(\$22,097,041)</u>	<u>(\$108,309,126)</u>	<u>(\$111,070,294)</u>	<u>(\$114,526,148)</u>	<u>(\$49,020,693)</u>

**CITY OF DAVIS**  
**Changes in Net Assets**  
**(continued)**  
**Last Six Fiscal Years**  
**(Accrual Basis of Accounting)**

	<b>Fiscal Year Ended June 30,</b>					
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental Activities:						
Taxes:						
Property Taxes	\$11,737,158	\$13,717,077	\$14,150,857	\$17,016,586	\$18,437,026	\$19,717,475
Sales Taxes	5,548,113	5,434,627	8,052,765	8,988,381	8,834,409	9,117,999
Municipal Services	1,772,132	1,853,167	1,921,115	2,001,032	2,076,696	2,165,883
Business License	1,043,991	1,075,340	1,139,725	1,179,106	1,258,072	1,283,451
Park Maintenance	1,305,426	1,292,315	1,312,782	1,315,708	1,315,081	1,337,888
Construction	1,154,752	852,777	847,051	787,699	371,489	856,186
Open Space Protection	630,112	615,616	625,694	627,096	627,345	637,786
Franchise	794,452	849,649	876,117	877,670	1,003,229	1,022,880
Transient Occupancy Tax	908,964	981,074	928,090	940,886	1,056,691	1,120,983
Transfer	239,465	270,800	334,523	257,580	236,092	(214,596)
Other Taxes	360,631		309,593			
Motor Vehicle In-Lieu	3,578,071	3,509,788	4,316,129	4,618,842	4,723,196	4,888,366
Investment Earnings	2,673,312	852,878	2,045,947	1,295,101	3,542,701	3,313,964
Miscellaneous	849,025	964,693	1,074,961	2,791,561	1,452,218	719,943
Total Government Activities	<u>32,595,604</u>	<u>32,269,801</u>	<u>37,935,349</u>	<u>42,697,248</u>	<u>44,934,245</u>	<u>45,968,208</u>
Business-Type Activities:						
Interest Earnings	343,612	116,518	480,419	404,646	1,128,852	1,301,203
Miscellaneous	868,382	34,301	1,307,409	449,358	326,244	135,286
Total Business-Type Activities	<u>1,211,994</u>	<u>150,819</u>	<u>1,787,828</u>	<u>854,004</u>	<u>1,455,096</u>	<u>1,436,489</u>
Total Primary Government	<u><u>\$33,807,598</u></u>	<u><u>\$32,420,620</u></u>	<u><u>\$39,723,177</u></u>	<u><u>\$43,551,252</u></u>	<u><u>\$46,389,341</u></u>	<u><u>\$47,404,697</u></u>
<b>Change in Net Assets</b>						
Governmental Activities	\$10,769,668	(\$78,430,395)	(\$74,084,844)	(\$73,101,689)	(\$5,060,205)	(\$4,691,475)
Business-Type Activities	940,889	2,541,889	2,737,727	2,126,793	4,062,297	3,075,479
Total Primary Government	<u><u>\$11,710,557</u></u>	<u><u>(\$75,888,506)</u></u>	<u><u>(\$71,347,117)</u></u>	<u><u>(\$70,974,896)</u></u>	<u><u>(\$997,908)</u></u>	<u><u>(\$1,615,996)</u></u>

**CITY OF DAVIS**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**



	Fiscal Year Ended June 30,									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund:										
Reserved	\$660,118	\$687,886	\$658,554	\$811,491	\$1,052,593	\$2,786,293	\$3,210,614	\$2,887,364	\$3,183,616	\$1,308,154
Unreserved	3,806,522	3,142,025	6,289,261	8,041,626	9,223,352	7,256,807	9,846,736	9,038,007	8,200,515	5,071,910
Total General Fund	<u>\$4,466,640</u>	<u>\$3,829,911</u>	<u>\$6,947,815</u>	<u>\$8,853,117</u>	<u>\$10,275,945</u>	<u>\$10,043,100</u>	<u>\$13,057,350</u>	<u>\$11,925,371</u>	<u>\$11,384,131</u>	<u>\$6,380,064</u> (a)
All Other Governmental Funds:										
Reserved	\$14,399,901	\$30,104,536	\$33,210,506	\$28,185,703	\$23,286,280	\$26,593,445	\$27,522,772	\$28,319,649	\$28,319,649	\$36,173,371
Unreserved, reported in:										
Special revenue funds	3,983,060	(1,789,061)	2,317,843	3,521,759	13,210,393	14,037,455	11,969,346	15,336,726	15,336,726	19,495,729
Capital project funds	8,312,957	12,944,735	15,644,466	21,146,138	23,723,056	24,442,115	23,590,901	23,344,253	23,344,253	28,814,920
Total All Other Governmental Funds	<u>\$26,695,918</u>	<u>\$41,260,210</u>	<u>\$51,172,815</u>	<u>\$52,853,600</u>	<u>\$60,219,729</u>	<u>\$65,073,015</u>	<u>\$63,083,019</u>	<u>\$67,000,628</u>	<u>\$67,000,628</u>	<u>\$84,484,020</u>

(a) The change in total fund balance for the General Fund and other governmental funds is explained in Management's Discussion and Analysis.

**CITY OF DAVIS**  
**Changes in Fund Balance of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**

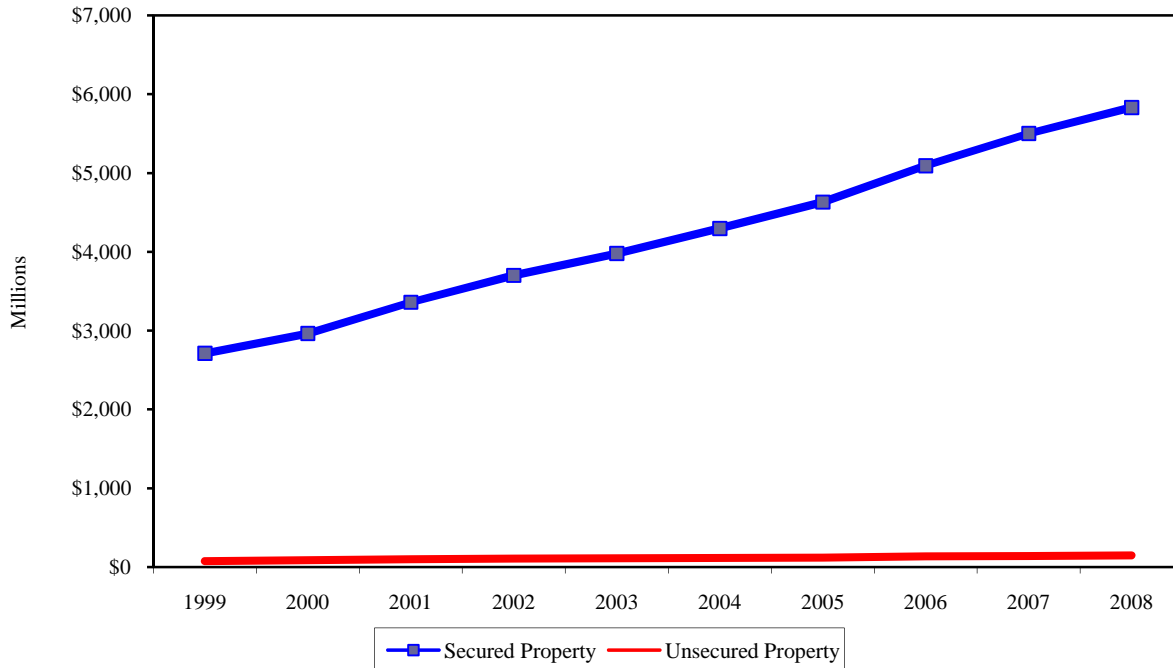
	Fiscal Year Ended June 30,				
	1999	2000	2001	2002	2003
<b>Revenues</b>					
Taxes	\$19,919,980	\$22,042,415	\$23,709,406	\$24,075,386	\$25,434,082
Licenses, permits and fees	508,969	1,492,489	1,277,593	927,267	1,022,193
Fines and forfeitures	500,130	636,662	383,546	615,553	905,959
Use of money and property	1,512,601	2,551,796	5,401,909	3,011,331	2,476,607
Intergovernmental revenues	7,476,325	12,167,190	13,460,444	16,085,891	16,542,689
Charges for current services	6,166,250	4,760,569	5,232,829	6,205,880	7,565,251
Development fees	5,376,062	10,353,022	5,662,874	2,511,439	3,570,435
Administrative fee - Enterprise Fund	592,178	649,297	640,278	740,944	849,371
Other	1,195,349	8,044,299	2,305,797	456,983	849,025
Total Revenues	43,247,844	62,697,739	58,074,676	54,630,674	59,215,612
<b>Expenditures</b>					
Current:					
General government	2,550,550	3,300,137	3,352,341	3,071,701	3,149,546
Public safety	10,814,976	11,710,315	12,552,060	14,048,087	14,750,154
Public works	2,676,661	2,965,676	2,281,519	3,552,472	3,631,578
Community development	2,178,649	2,543,096	2,512,524	2,377,021	2,926,577
Parks and community services	10,959,759	11,701,117	13,432,722	14,658,793	16,301,173
Special projects	1,124,105	2,942,511	3,284,578	3,277,709	3,695,386
Debt service:					
Principal repayment	375,000	246,000	2,731,000	230,000	310,000
Interest and fiscal charges	1,099,450	906,827	1,482,132	1,309,345	1,293,840
Special assessment	84,229	87,060	85,406	428,837	159,233
Capital improvements	4,198,998	9,505,099	17,262,496	7,638,898	4,209,168
Total Expenditures	36,062,377	45,907,838	58,976,778	50,592,863	50,426,655
Excess (deficiency) of revenues over (under) expenditures	7,185,467	16,789,901	(902,102)	4,037,811	8,788,957
<b>Other Financing Sources (Uses)</b>					
Transfers in	2,510,682	3,784,540	6,885,860	9,762,711	8,581,648
Transfers (out)	(3,499,967)	(5,887,923)	(7,362,849)	(10,214,435)	(8,581,648)
Proceeds from issuance of debts			13,000,000		
Payments to refunded bond escrow					
Sale of real property			525,000		
Total other financing sources (uses)	(989,285)	(2,103,383)	13,048,011	(451,724)	
Net Change in fund balances	\$6,196,182	\$14,686,518	\$12,145,909	\$3,586,087	\$8,788,957
Debt service as a percentage of noncapital expenditures	(a)	(a)	(a)	(a)	4.0%

**NOTE:**

(a) The City implemented GASB Statement 34 in fiscal year 2003. Therefore this calculation is included only for fiscal years subsequent to that date.

Fiscal Year Ended June 30,				
2004	2005	2006	2007	2008
\$27,082,587	\$30,498,312	\$38,633,353	\$39,781,903	\$42,254,186
877,681	1,004,427	1,540,924	107	115
997,748	1,131,340	888,727	941,447	944,583
776,841	1,854,330	1,661,219	3,297,325	3,671,372
15,911,100	17,226,773	15,320,106	17,973,506	16,785,328
6,720,666	7,879,991	6,510,429	8,586,539	9,054,124
1,519,665	3,846,464	701,840	1,423,911	4,705,005
955,493	1,040,717	1,118,422	1,405,458	1,794,961
685,477	131,968	1,075,316	629,277	504,120
55,527,258	64,614,322	67,450,336	74,039,473	79,713,794
3,482,340	3,381,214	4,064,483	4,709,156	5,088,011
16,777,950	19,866,978	20,160,141	22,482,705	24,678,723
2,458,887	3,530,097	3,893,669	4,647,856	4,431,330
2,837,643	3,482,608	3,520,994	3,629,991	3,913,194
16,886,059	17,151,735	17,983,887	22,286,696	25,113,063
4,293,233	6,408,977	6,689,316	4,962,370	6,850,876
340,000	295,000	463,419	685,498	1,107,915
1,719,446	1,199,786	1,247,229	1,964,862	958,487
133,997	116,907	86,587	87,526	88,231
4,206,318	10,135,957	5,396,131	3,445,108	8,307,585
53,135,873	65,569,259	63,505,856	68,901,768	80,537,415
2,391,385	(954,937)	3,944,480	5,137,705	(823,621)
4,798,387	5,751,571	6,107,112	5,006,158	3,500,822
(4,811,631)	(4,972,420)	(7,265,962)	(5,006,158)	(4,003,532)
9,265,000	1,200,000		20,815,000	39,227
(7,022,700)			(12,727,516)	
2,229,056	1,979,151	(1,158,850)	8,087,484	(463,483)
\$4,620,441	\$1,024,214	\$2,785,630	\$13,225,189	(\$1,287,104)
4.7%	3.0%	3.2%	4.4%	3.1%

**CITY OF DAVIS**  
**ASSESSED AND ESTIMATED ACTUAL**  
**VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**

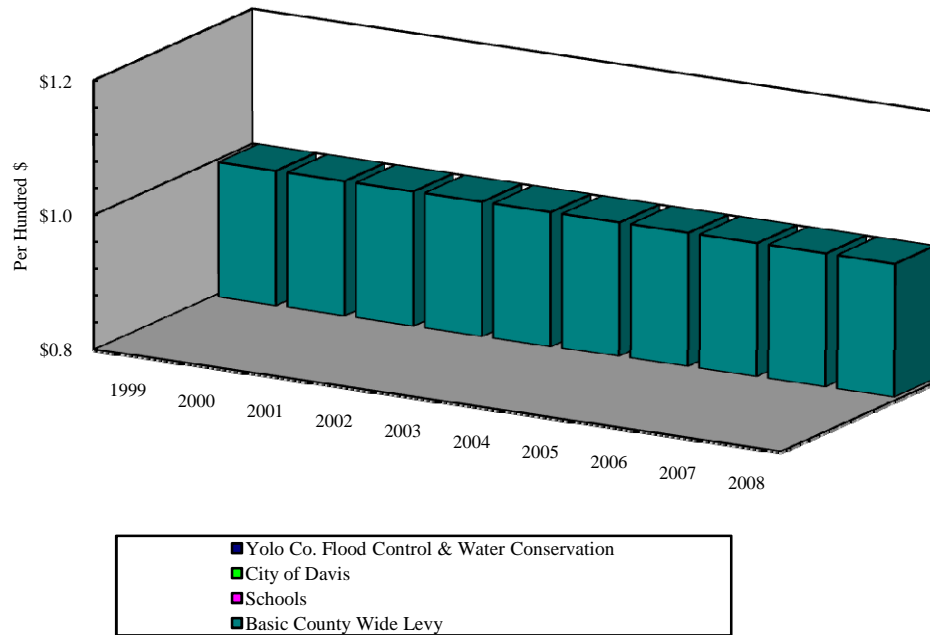


Fiscal Year	Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
1999	\$2,635,400,397	\$76,817,538	\$2,712,217,935	\$2,712,217,935	1%
2000	2,877,974,547	86,631,960	2,964,606,507	2,964,606,507	1%
2001	3,258,797,718	101,098,970	3,359,896,688	3,359,896,688	1%
2002	3,592,309,287	108,995,676	3,701,304,963	3,701,304,963	1%
2003	3,865,177,730	113,350,054	3,978,527,784	3,978,527,784	1%
2004	4,182,229,896	114,517,651	4,296,747,547	4,296,747,547	1%
2005	4,510,927,115	120,164,717	4,631,091,832	4,631,091,832	1%
2006	4,956,350,623	135,042,126	5,091,392,749	5,091,392,749	1%
2007	5,362,509,751	138,051,430	5,500,561,181	5,500,561,181	1%
2008	5,684,262,465	147,078,407	5,831,340,872	5,831,340,872	1%

Source: Yolo County Auditor - Controller Assessed Value Summaries

- (a) The State Constitution requires property to be assessed at one hundred percent of the most recent purchase price, plus an increment of no more than two percent annually, plus any local over-rides. These values are considered to be full market values.
- (b) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1% and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Davis encompasses more than 15 tax rate areas.

**CITY OF DAVIS  
PROPERTY TAX RATES  
ALL OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**



Fiscal Year	Basic County Wide Levy	City of Davis	Schools	Yolo Co. Flood Control & Water Conservation	Total
1999	\$1.0000				\$1.0000
2000	1.0000				1.0000
2001	1.0000				1.0000
2002	1.0000				1.0000
2003	1.0000				1.0000
2004	1.0000				1.0000
2005	1.0000				1.0000
2006	1.0000				1.0000
2007	1.0000				1.0000
2008	1.0000				1.0000

Source: Yolo County Auditor - Controller's Assessed Value Summaries,  
State of California Department of Finance and Davis Chamber of Commerce

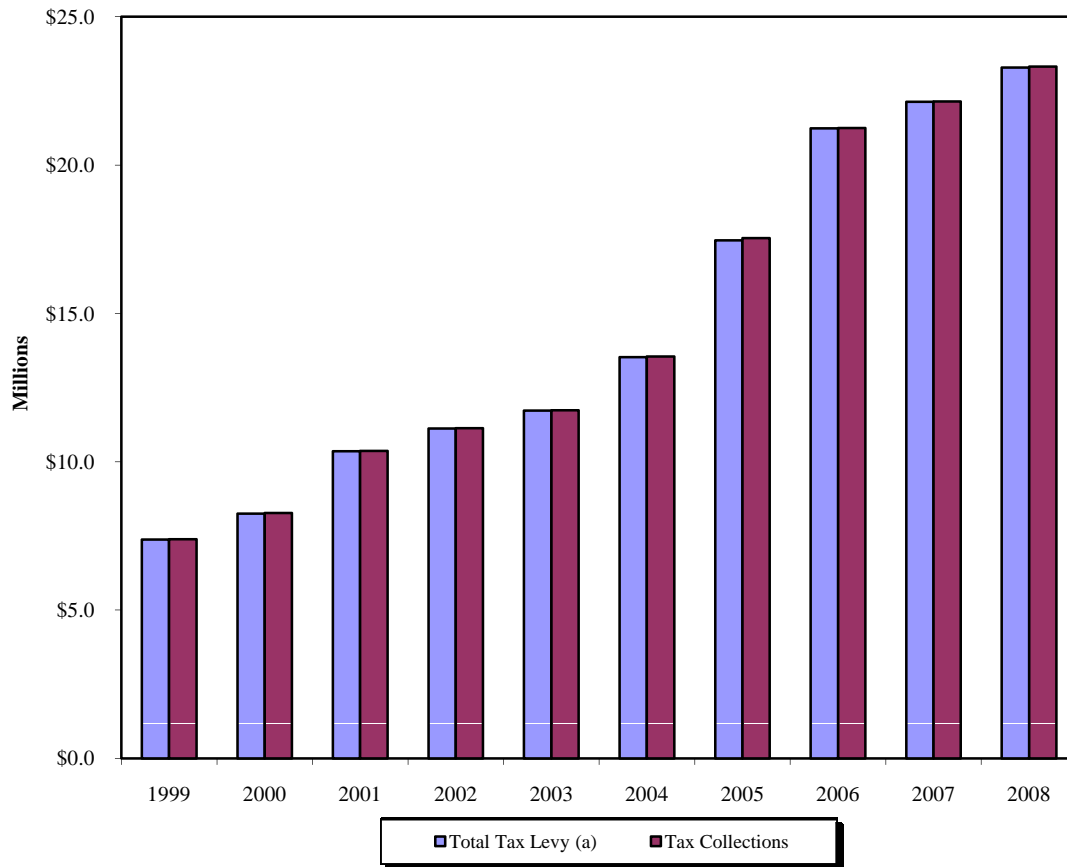
**CITY OF DAVIS**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

Taxpayer	2007-08			1998-99		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Sequoia Equities - Cypress ETAL	\$42,445,774	1	0.7%			0.0%
Kirkwood Village Assoc. ETAL	37,169,259	2	0.6%			0.0%
KW Davis LLC	24,478,172	3	0.4%			0.0%
Fine Arts LP	22,875,517	4	0.4%			0.0%
Marketplace Center, Inc.	21,574,091	5	0.4%	\$18,318,445	2	0.7%
Olive Drive Partners	21,553,661	6	0.4%			0.0%
ARV Assisted Living, Inc.	20,898,517	7	0.4%	12,059,097	6	0.4%
WGA Sycamore Lane LP	18,692,011	8	0.3%			0.0%
SE-Davis LLC	18,487,535	9	0.3%			0.0%
Oates Marvin L TR ETAL	18,069,864	10	0.3%			0.0%
Tanglewood Associates			0.0%	15,318,365	3	0.6%
SFC Greystone Invest. LP. ETAL			0.0%	13,091,622	4	0.5%
Waggener Ranch Ltd. Partnership			0.0%	12,199,830	7	0.4%
5th & G Plaza			0.0%	12,077,632	8	0.4%
Arlington Farm Partners			0.0%	10,801,178	9	0.4%
Walnut Park Apartments			0.0%	9,641,311	10	0.4%
Southern Pacific Land/Hunt Wesson			0.0%	51,308,513	1	1.9%
Kaiser Found. Health Plan, Inc.			0.0%	12,385,531	5	0.5%
Subtotal	<u>\$246,244,401</u>		<u>4.2%</u>	<u>\$167,201,524</u>		<u>6.2%</u>

Total Net Assessed Valuation:  
Fiscal Year 2007-2008 \$5,831,340,872  
Fiscal Year 1998-1999 \$2,712,217,935

Source: Yolo County Assessor Fiscal Year Combined Tax Rolls.

**CITY OF DAVIS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**



Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections (b)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
1999	\$7,372,007	\$7,372,007	100.0000%	\$18,724	\$7,390,731	100.2540%
2000	8,249,545	8,249,545	100.0000%	21,424	8,270,969	100.2597%
2001	10,355,838	10,355,838	100.0000%	5,116	10,360,954	100.0494%
2002	11,121,408	11,121,408	100.0000%	10,112	11,131,520	100.0909%
2003	11,728,523	11,728,523	100.0000%	8,635	11,737,158	100.0736%
2004	13,521,441	13,521,441	100.0000%	20,582	13,542,023	100.1522%
2005	17,463,356	17,463,356	100.0000%	69,778	17,533,134	100.3996%
2006	21,239,917	21,239,917	100.0000%	11,628	21,251,545	100.0547%
2007	22,126,532	22,126,532	100.0000%	18,356	22,144,888	100.0830%
2008	23,286,515	23,286,515	100.0000%	32,657	23,319,172	100.1402%

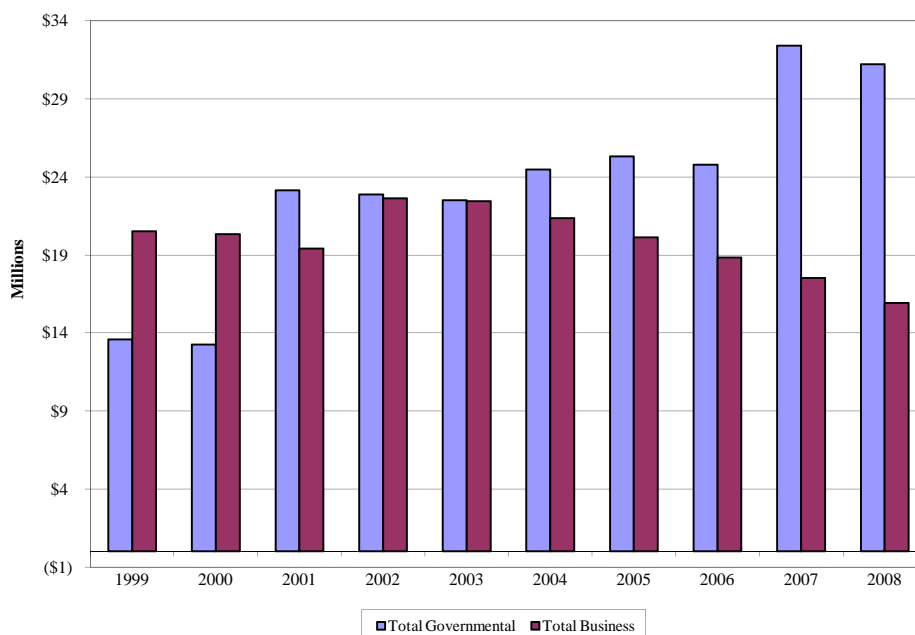
Source: Yolo County Auditor - Controller's Assessed Value Summaries

NOTE: Current tax collections beginning in 1993 have been reduced by a mandatory tax reallocation imposed by the State of California

(a) During fiscal year 1995, the County began providing the City 100% of its tax levy under an agreement which allows the County to keep all interest and delinquency charges collected.

(b) Includes unsecured property taxes that are not included in the Teeter Plan

**CITY OF DAVIS**  
**Ratio of Outstanding Debt by Type (b)**  
**Last Ten Fiscal Years**



Governmental Activities						
Fiscal Year	Tax Allocation Bonds	Certificates of Participation	Special Assessment Payable	General Obligation Bond	Capital Lease Obligations	Total
1999	\$10,045,000	\$2,495,000	\$1,006,074	\$47,000		\$13,593,074
2000	9,925,000	2,405,000	919,764	11,000		13,260,764
2001	20,300,000	2,310,000	546,165			23,156,165
2002	20,170,000	2,210,000	492,829			22,872,829
2003	19,965,000	2,105,000	433,092			22,503,092
2004	22,120,000	1,990,000	371,222			24,481,222
2005	21,945,000	1,870,000	305,085		\$1,200,000	25,320,085
2006	21,755,000	1,745,000	236,814		1,051,581	24,788,395
2007	29,750,000	1,605,000	162,143		896,083	32,413,226
2008	28,950,000	1,460,000	83,205		733,168	31,226,373

Business-Type Activities							
Fiscal Year	Department of Water Resources	State Revolving Fund Loans	Sewer System Capital Improvement Loan	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
1999	\$3,363,543	\$14,698,419	\$2,464,921	\$20,526,883	\$34,119,957	811.17%	\$609.09
2000	3,131,210	14,821,977	2,391,853	20,345,040	33,605,804	732.27%	573.19
2001	2,892,877	14,200,845	2,314,690	19,408,412	42,564,577	888.11%	707.04
2002	6,753,082	13,642,056	2,233,236	22,628,374	45,501,203	932.24%	718.55
2003	7,398,398	12,909,068	2,147,240	22,454,706	44,957,798	884.85%	699.63
2004	7,075,773	12,237,597	2,056,449	21,369,819	45,851,041	854.79%	708.67
2005	6,612,138	11,548,453	1,960,597	20,121,188	45,441,273	790.91%	704.52
2006	6,140,320	10,841,172	1,859,400	18,840,892	43,629,287	715.58%	675.53
2007	5,656,387	10,115,277	1,752,560	17,524,224	49,937,450	N/A	269.86
2008	5,160,443	9,130,789	1,639,763	15,930,995	47,157,368	N/A	716.52

Sources: City of Davis  
State of California, Department of Finance (population)  
U.S. Department of commerce, Bureau of the Census (income)

Notes: (a) See page 133 (Demographic Statistics) for personal income and population data.  
Personal Income information is not available for fiscal 2007 to 2008  
(b) Debt amounts exclude any premiums, discounts, or other amortization amounts.

**CITY OF DAVIS**  
**Ratio of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Tax Allocation Bonds</b>	<b>Percentage of Actual Taxable Value of Property</b>	<b>Per Capita</b>
1999	\$10,045,000	0.37%	\$179.32
2000	9,925,000	0.33%	169.28
2001	20,300,000	0.60%	337.20
2002	20,170,000	0.54%	318.52
2003	19,965,000	0.50%	310.70
2004	22,120,000	0.51%	341.89
2005	21,945,000	0.47%	340.23
2006	21,755,000	0.43%	336.84
2007	29,750,000	0.54%	458.13
2008	28,950,000	0.50%	439.88

**CITY OF DAVIS**  
**COMPUTATION OF DIRECT AND OVERLAPPING DEBT**  
**June 30, 2008**

2007-08 Assessed Valuation \$5,831,340,872

	Net Debt Outstanding	Percentage Applicable to City of Davis	Amount Applicable to City of Davis
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>			
City of Davis - Certificates of Participation	<u>\$1,460,000</u>	100.00%	<u>\$1,460,000</u>
 TOTAL DIRECT AND OVERLAPPING DEBT	 <u><u>\$1,460,000</u></u>		 <u><u>\$1,460,000</u></u>
 Overlapping Bonded Debt Per Capita			 <u><u>\$22.18</u></u>

Source: City of Davis

**CITY OF DAVIS**  
**COMPUTATION OF LEGAL BONDED DEBT MARGIN**  
**JUNE 30, 2008**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$5,684,262,465
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BONDED DEBT LIMIT (15% OF ASSESSED VALUE)	\$852,639,370
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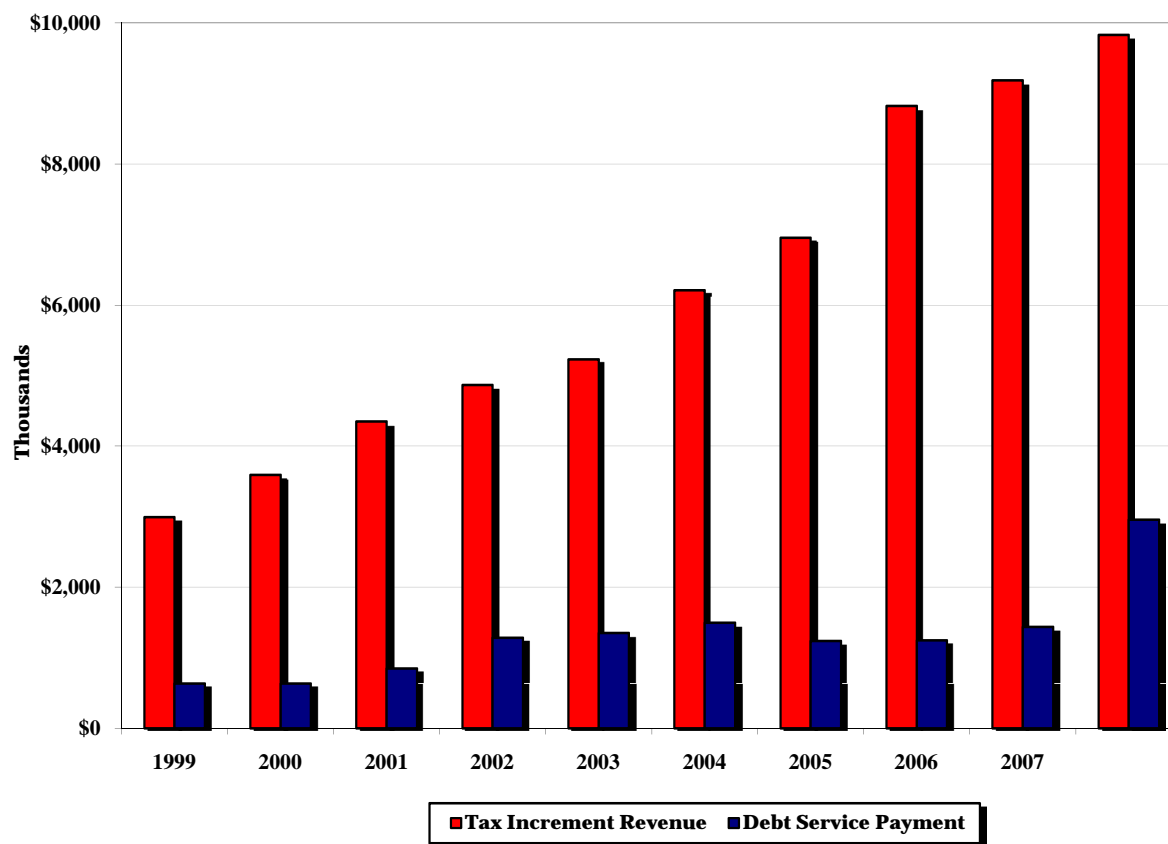
AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$30,410,000
Less: Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	30,410,000
Amount of debt subject to limit	0

LEGAL BONDED DEBT MARGIN	\$852,639,370
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Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
1999	\$406,832,690	\$47,000	\$406,785,690	0.01%
2000	444,664,412	11,000	444,653,412	0.00%
2001	503,984,503		503,984,503	0.00%
2002	555,195,744		555,195,744	0.00%
2003	596,779,168		596,779,168	0.00%
2004	644,512,137		644,512,137	0.00%
2005	694,663,775		694,663,775	0.00%
2006	732,237,018		732,237,018	0.00%
2007	804,376,463		804,376,463	0.00%
2008	852,639,370		852,639,370	0.00%

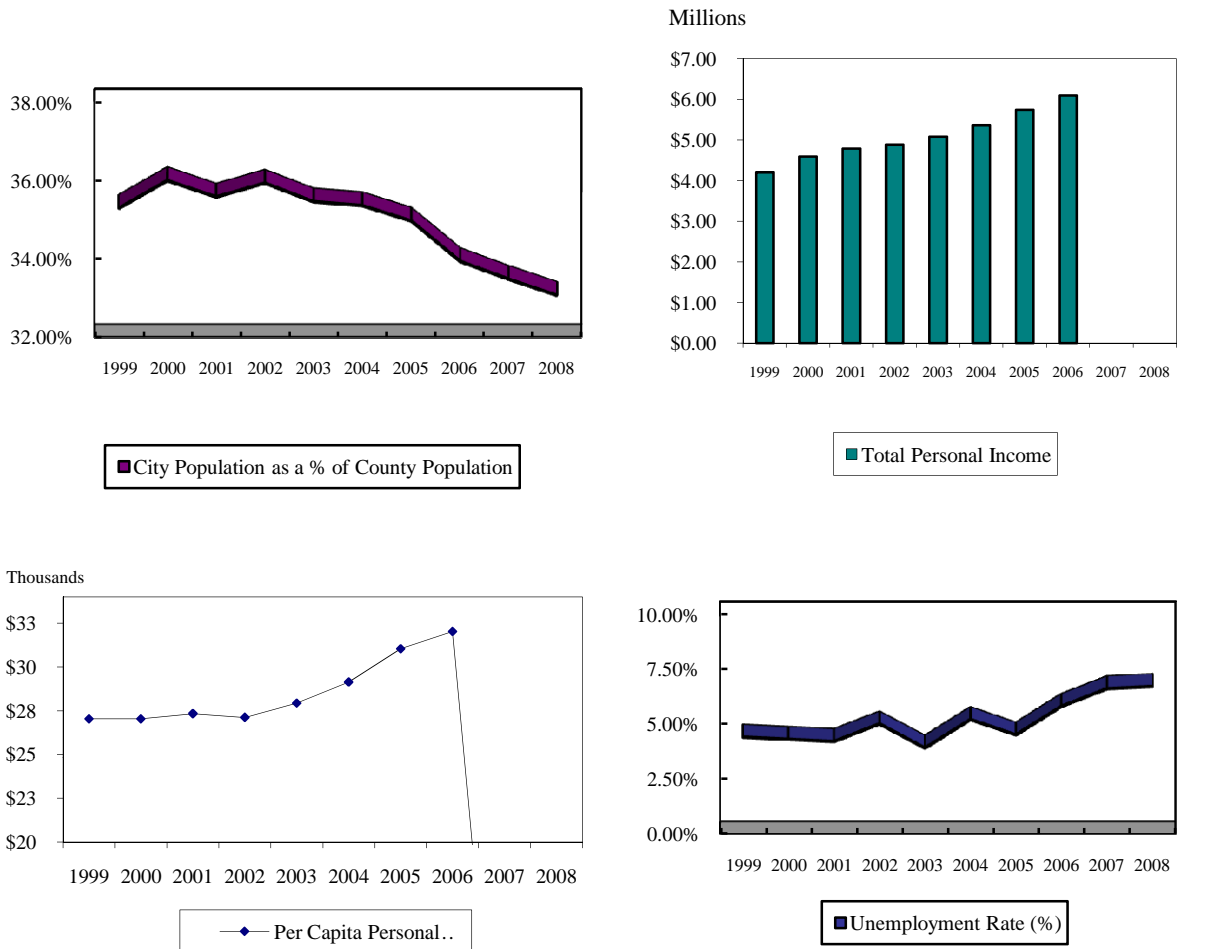
**CITY OF DAVIS**  
**BONDED DEBT PLEDGED REVENUE COVERAGE**  
**REDEVELOPMENT AGENCY TAX ALLOCATION BONDS**  
**LAST TEN FISCAL YEARS**



Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
1999	\$2,995,888	\$115,000	\$521,575	\$636,575	4.71
2000	3,594,831	120,000	515,135	635,135	5.66
2001	4,349,879	125,000	724,427	849,427	5.12
2002	4,869,155	130,000	1,156,240	1,286,240	3.79
2003	5,231,587	205,000	1,146,736	1,351,736	3.87
2004	6,213,587	225,000	1,274,787	1,499,787	4.14
2005	6,958,112	175,000	1,066,084	1,241,084	5.61
2006	8,823,668	190,000	1,060,402	1,250,402	7.06
2007	9,190,651	390,000	1,050,006	1,440,006	6.38
2008	9,834,550	800,000	2,158,908	2,958,908	3.32

Sources: Redevelopment Agency of the City of Davis Annual Financial Statements  
Official Statements of the 2000 Tax Allocation Refunding Bonds  
and 2003 Tax Allocation Refunding Bonds

# CITY OF DAVIS DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS



Fiscal Year	City Population	Total Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate (%)	Yolo County Population	City Population % of County
1999	56,018	\$4,206,288	\$27,037	4.4%	\$158,797	35.28%
2000	58,629	4,589,286	27,030	4.3%	162,928	35.98%
2001	60,201	4,792,716	27,332	4.2%	169,265	35.57%
2002	63,324	4,880,859	27,114	5.0%	176,289	35.92%
2003	64,259	5,080,810	27,932	3.9%	181,291	35.45%
2004	64,700	5,364,000	29,133	5.2%	183,042	35.35%
2005	64,500	5,745,453	31,041	4.5%	184,500	34.96%
2006	64,585	6,097,020	32,032	5.8%	190,344	33.93%
2007	64,938	(A)	N/A	6.6%	193,983	33.48%
2008	65,814	(A)	N/A	6.7%	199,066	33.06%

Source: California State Department of Finance  
Note: (A) Information not available

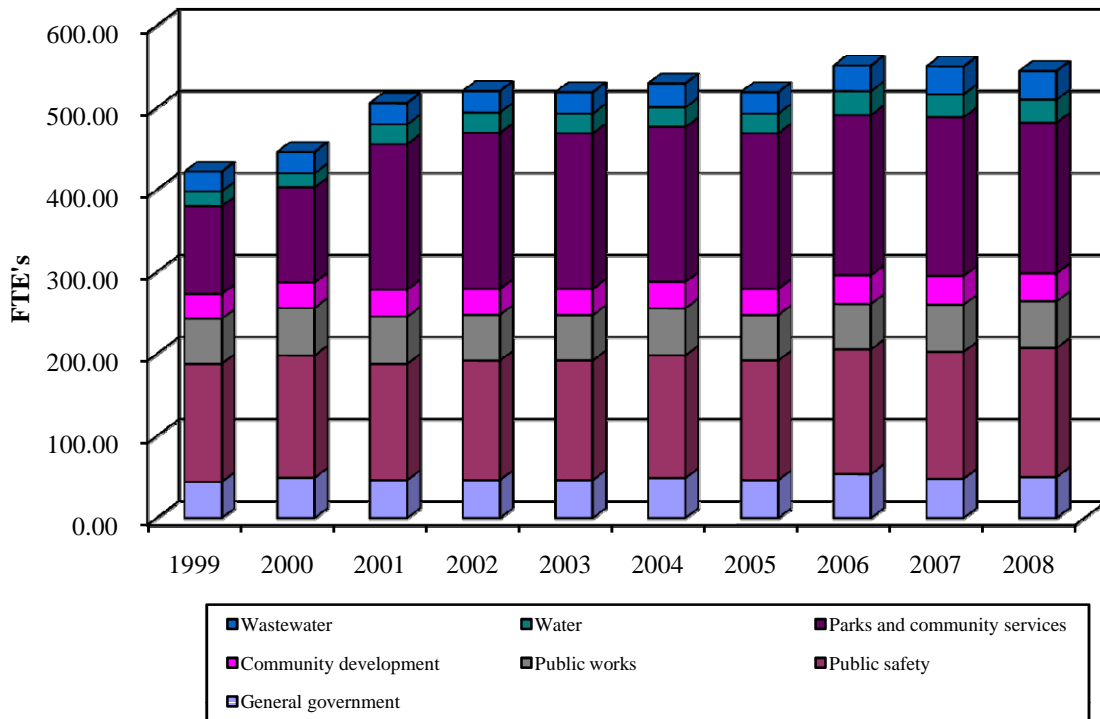
**CITY OF DAVIS**  
**Principal Employers**  
**Current Year and Two Years Ago (A)**

<b>Employer</b>	<b>2007-08</b>			<b>2006-07</b>		
	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Number of Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
UC Davis	20,882	1	31.7%	17,637	1	27.2%
Davis Joint Unified School District	1,054	2	1.6%	976	2	1.5%
City of Davis	625 *	3	0.9%	447	3	0.7%
Sutter Davis Hospital	411	4	0.6%	430	4	0.7%
Nugget Market	257	5	0.4%	236	5	0.4%
USDA	200	6	0.3%	200	6	0.3%
Safeway	197	7	0.3%	270	7	0.4%
PG&E	166	8	0.3%	166	8	0.3%
Sierra Health Care	143	9	0.2%	131	9	0.2%
Davis Food Co-op	130	10	0.2%			
Digi International (Z-World)				135	10	0.2%
Subtotal	<u>24,065</u>		<u>36.6%</u>	<u>20,628</u>		<u>31.8%</u>
Total City Day Population	<u>65,814</u>			<u>64,938</u>		

Source: City of Davis phone survey, summer 2008

(A) Fiscal Year 1998-99 data not available

**CITY OF DAVIS**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**



	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>Function</b>										
General government	44.00	49.00	46.20	46.20	46.20	48.68	46.20	53.37	47.79	49.78
Public safety	144.00	149.00	141.79	145.68	145.78	149.42	145.78	152.05	154.67	157.22
Public works	55.00	58.00	57.44	55.87	55.38	57.45	55.38	55.44	57.44	57.00
Community development	30.00	31.00	33.00	31.32	31.69	32.17	31.69	35.01	35.18	33.98
Parks and community services	107.00	116.00	177.26	190.19	189.80	188.82	189.80	195.28	193.29	183.83
Water	18.00	17.00	24.00	25.00	24.00	24.00	24.00	28.96	27.96	27.96
Wastewater	24.00	26.00	26.00	26.00	26.00	29.00	26.00	31.21	33.83	34.83
<b>Total</b>	<b>429.00</b>	<b>422.00</b>	<b>446.00</b>	<b>505.69</b>	<b>520.26</b>	<b>518.85</b>	<b>529.54</b>	<b>518.85</b>	<b>551.32</b>	<b>544.60</b>

Source: City of Davis

**CITY OF DAVIS**  
**Operating Indicators by Function/Program**  
**Last Ten Fiscal Years**

	Fiscal Year			
	1999	2000	2001	2002
<b>Function/Program</b>				
Public safety:				
Fire:				
Fire calls for service	221	313	252	305
Medical calls for service	1,300	1,401	1,610	1,547
Other calls for service	1,017	1,003	1,169	1,428
Primary fire inspections conducted	1,115	856	1,142	991
Fire loss	\$454,610	\$824,882	\$712,730	\$1,403,080
Police:				
Communication center calls answered (911)	9,222	9,076	8,263	8,664
Police calls for service	50,690	49,307	58,355	49,386
Law violations:				
Part I and Part II crimes	2,431	1,637	1,817	2,540
Warrants processed (adult and juvenile)	1,534	997	902	1,261
Driving under influence arrests (DUI)	162	251	251	160
Property loss	\$1,394,602	\$2,007,966	\$2,007,966	\$2,927,592
Property recovered	\$542,690	\$810,791	\$810,791	\$1,390,769
Cases written	6,510	7,064	7,376	7,613
Bicycle thefts	418	1,016	287	62
Recovered stolen bicycles	47	149	22	8
Animal related calls	604	666	516	767
Citizen complaints	16	17	9	17
Noise complaints	3,044	3,284	2,793	3,158
Moving violations	5,379	7,258	5,321	3,643
Parking violations	15,909	19,495	19,124	22,866
Public works:				
Annual vandalism expenses	\$27,207	\$29,167	\$27,207	\$27,207
Parks and Community Service:				
Recreation class participants	12,683	15,517	15,517	18,913
Water:				
Water service connections	14,344	15,192	15,292	15,806
Average daily consumption (thousands of gallons)	3,869,000,000	4,638,000,000	4,594,000,000	4,850,000,000
Solid Waste:				
Tons of solid waste generated	67,697	75,158	74,353	74,353
Tons of solid waste diverted from landfill	34,268	33,108	32,303	32,303

Source: City of Davis

Note: (A) Information not available.

Fiscal Year					
2003	2004	2005	2006	2007	2008
316	316	240	216	216	232
1,859	1,859	2,010	2,036	2,036	2,281
1,356	1,356	1,254	1,402	1,402	1,490
1,192	1,192	1,247	1,590	1,590	1,195
\$827,250	\$827,250	\$792,863	\$792,863	\$905,185	\$2,569,901
8,664	8,664	8,054	21,602	21,602	8,920
51,005	51,005	58,256	61,646	61,646	57,326
2,154	2,154	2,527	2,368	2,368	2,543
832	832	877	1,083	1,083	1,047
211	211	230	305	305	173
\$2,957,154	\$2,957,154	\$3,079,862	\$2,815,926	\$2,815,926	\$2,555,708
\$1,371,897	\$1,371,897	\$1,160,869	\$69,142	\$691,422	\$605,887
7,174	7,174	7,902	7,430	7,430	6,968
(A)	(A)	(A)	(A)	(A)	(A)
(A)	(A)	(A)	(A)	(A)	(A)
449	449	471	217	217	588
11	11	23	34	34	33
2,862	2,862	3,526	3,288	3,288	2,708
3,472	3,472	3,526	6,698	6,698	6,059
25,372	25,372	25,466	26,445	26,445	18,483
\$72,000	\$72,000	\$72,000	\$72,000	\$17,744	\$37,553
29,737	29,737	16,270	33,640	24,152	24,407
15,806	15,806	15,371	16,229	16,229	16,292
4,900,000,000	4,900,000,000	4,900,000,000	4,700,000,000	4,700,000,000	4,700,000,000
80,418	80,418	80,999	80,999	80,999	91,545
38,669	38,669	38,317	38,317	38,317	49,259

**CITY OF DAVIS**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Fiscal Years**

	Fiscal Year			
	1999	2000	2001	2002
<b>Function/Program</b>				
Public safety:				
Fire stations	3	3	3	3
Number of firefighters and officers	45	45	45	45
Number of chief officers	4	4	4	4
Police stations	1	1	1	1
Number of sworn personnel	53	53	54	54
Public works:				
Miles of streets	150	156	155	156
Street lights	4,903	4,969	4,983	5,095
Traffic signals	55	56	54	56
Culture and recreation:				
Community services:				
City parks	30	31	30	31
City trees	25,000	25,000	30,000	30,000
Miles of on-street bike lanes	47	47	48	49
Miles of off-street bike paths	41	47	48	49
Swimming pools	4	4	5	4
Tennis courts	28	28	25	25
City buildings maintained	78	79	83	83
Square footage of City buildings	23,701	239,478	287,092	287,092
Water:				
Miles of water mains	166	170	170	175
Number of wells	21	21	22	20
Fire hydrants	1,597	1,644	1,644	1,667
Wastewater:				
Miles of sewer mains	152	153	154	162
Miles of storm sewers	88	92	92	94
Treatment capacity (thousands of gallons)	2,116,000,000	2,750,000,000	1,330,000,000	2,220,000,000

Source: City of Davis

Fiscal Year						
2003	2004	2005	2006	2007	2008	
3	3	3	3	3	3	3
46	46	46	46	46	46	46
4	4	4	4	4	4	4
1	1	1	1	1	1	1
55	55	60	60	60	60	61
155	155	157	257	157	157	162
5,101	5,101	5,494	5,494	5,494	5,494	5,403
54	54	54	59	59	59	60
31	31	31	31	31	31	31
30,000	30,000	30,000	30,000	30,000	30,000	30,000
48	48	51	51	51	51	54
48	48	51	51	51	51	55
4	4	4	4	4	4	4
33	33	32	33	33	33	33
84	84	88	87	87	87	87
287,631	287,631	29,700	296,694	296,694	296,694	301,853
179	179	179	180	180	180	178
20	20	23	23	23	23	21
1,667	1,667	1,938	1,942	1,942	1,942	1,699
173	173	162	162	162	162	156
124	124	95	95	95	95	126
2,101,000,000	2,101,000,000	2,141,000,000	2,141,000,000	2,141,000,000	2,141,000,000	2,460,000,000