

City of Davis

Comprehensive

Annual Financial Report

For the Fiscal Year Ended June 30, 2010



CITY OF DAVIS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

PREPARED BY
FINANCE DEPARTMENT

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2010

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CITY MANAGER'S OFFICE

23 Russell Boulevard - Davis, California 95616
530/757-5602 - FAX: 530/757-5603 - TDD: 530/757-5666



December 17, 2010

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, 2010. 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 2009-2010 will be completed in January of 2011 and a separate Single Audit Report will be issued.

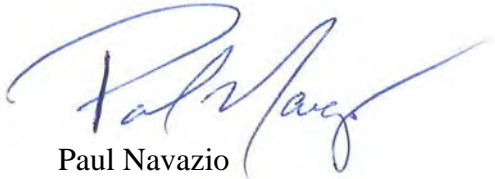
This report includes information for all funds of the City of Davis. The City provides services to its citizens in the areas of public safety; community development; water, waste water and sanitation utilities; transportation, recreation, cultural and social assistance, as well as general government 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,

A handwritten signature in blue ink, appearing to read "Paul Navazio", is positioned above the printed name and title.

Paul Navazio
Interim 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 Tem. 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 UC 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 30,770 full time and part-time employees. The University has approximately 32,290 students enrolled; however, University officials expect a continued increase in student demand in the next several years. 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 continues 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 budget shortfalls facing the State.

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 the City's 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. The City's Redevelopment Agency was required to pay \$3,202,971 to the State in FY 2009-10 and will be required to make a payment of \$659,435 in May of 2011. This year will be the last year that the State will be able to take Redevelopment Agency funds due to the passage of Proposition 22, the initiative which prohibits the State from taking Redevelopment Agency funds which passed on the November ballot. The most significant remaining unprotected revenue source is reimbursement for State Mandated Costs, these reimbursements can still be delayed by the State but they must eventually be paid. Recent estimates suggested the State would need to close an additional \$21 billion gap over the next 18 months, through FY 2010-11. This has resulted in the governor requesting a Special Session of the Legislature.

Overall development activity in the City continues at a reduced level. During FY 2009-10 241,974 square feet of commercial/industrial construction was finalized, as were 19 residential dwelling units, six of which were second units. The City has updated 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

- Partnered with the US Bicycling Hall of Fame in relocating their new headquarters and bicycle museum to downtown Davis enhancing Davis as a visitor destination.
- Finalized labor agreements with Management, Department Heads, Program and Administrative Support Association and the Firefighters.
- Continued to build on prior year reorganization efforts to consolidate and streamline services. The resultant 09-10 reorganizations included the elimination of the Parks and General Services Department and consolidation of those services into the Community Services, City Manager's Office and Public Works departments and implementation of the first phase of Public Safety Study recommendations related to management structure in the Police Department.

- Advanced 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 involves a Joint Powers Authority, established in 2009, with the city of Woodland to construct and operate a surface water supply project to deliver high quality water to Davis and Woodland.

- Continued to explore the potential consolidation of the City and UC Davis Fire Departments.
- Continued discussions on addressing homeless issues.
- Adopted a Housing Element in May of 2010.
- Adopted the CAAP (Climate Action and Adaptation Plan) and implemented a Year 1 Workplan.
- Initiated negotiations for the development of a conference center meeting space in conjunction with a hotel development project.
- Completed a teen services assessment and began implementation of an enhanced programming model including opening of a Summer Drop-in Center in collaboration with Davis Unified School District.

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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 that facilitate 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, 2010 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 FY 2009-10, 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 year-end investment earnings for all funds held in the City treasury totaled \$1,079,719, a return of 1.081%.

At the June 30, 2010 close of the City's fiscal year, \$106,444,462 was held in the City's treasury with investments valued based on fair value (rather than the actual amount invested). During FY 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 \$1,000 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 ten consecutive fiscal years ending with the year ending June 30, 2007. The City did not apply for a certificate for the fiscal years ending June 30, 2008 and 2009, due to budgetary constraints. 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 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, 2010

CITY COUNCIL

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

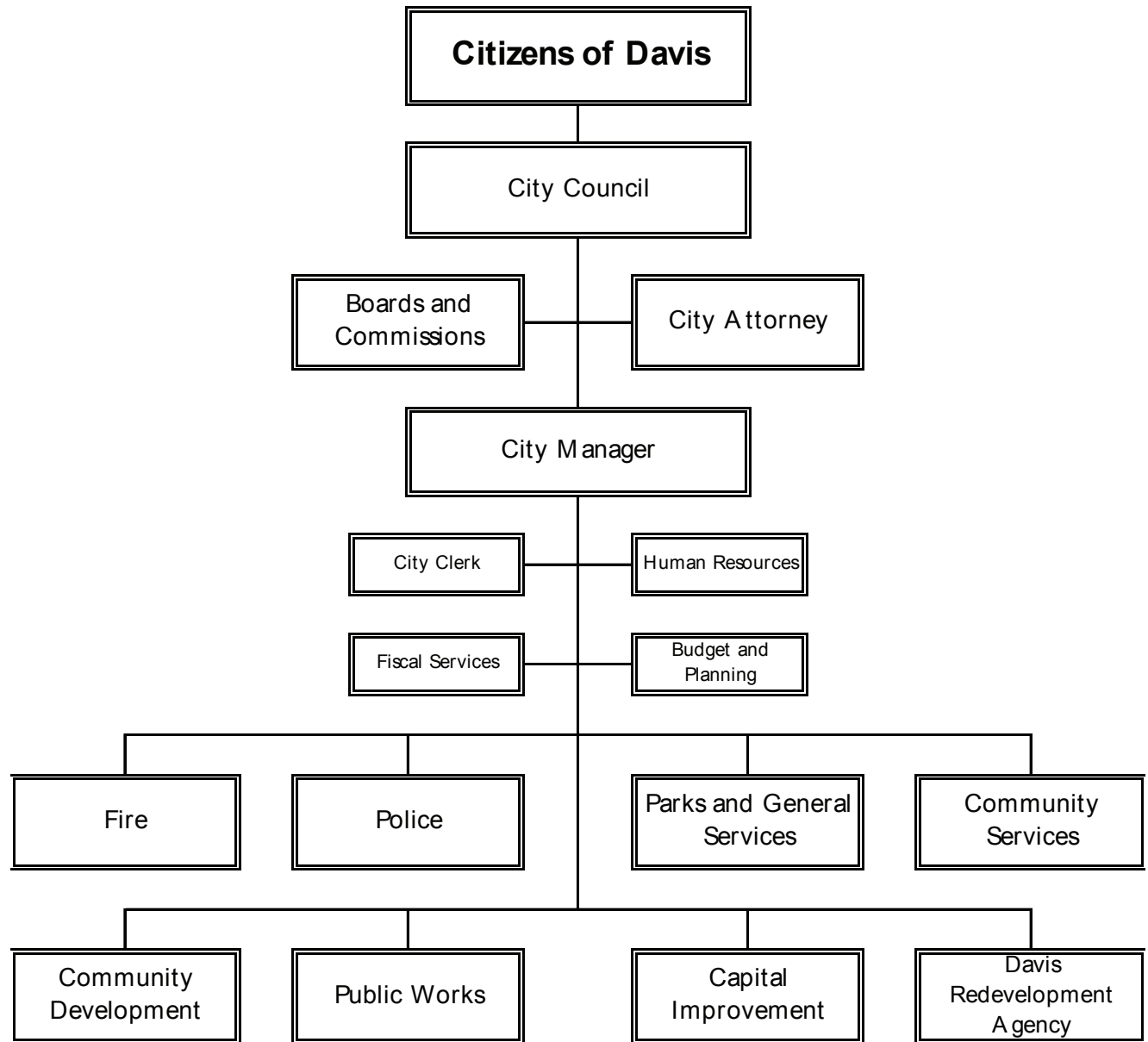
ADMINISTRATIVE OFFICIALS

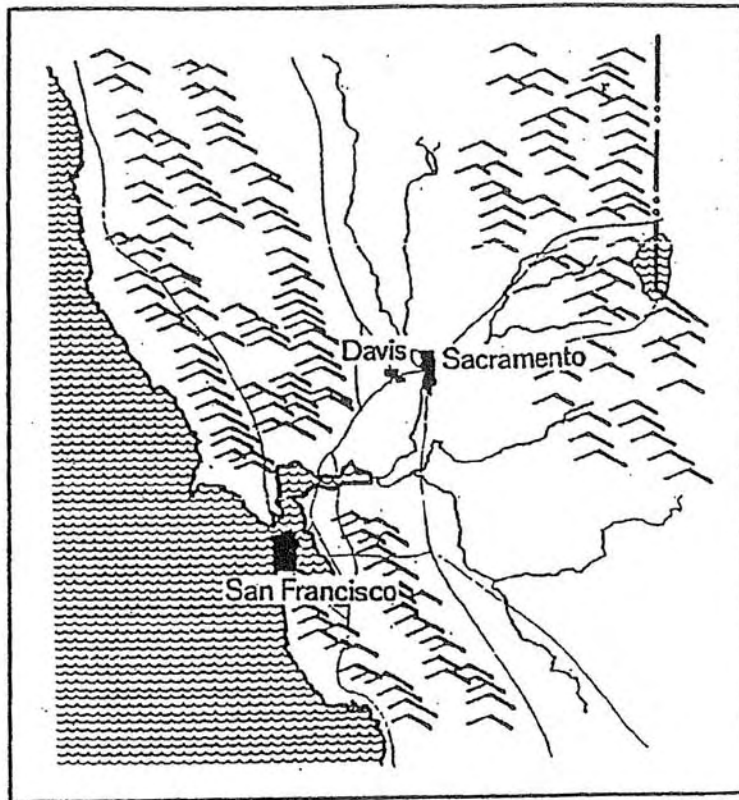
City Manager	William Emlen
City Attorney	Harriet Steiner
City Clerk	Zoe Mirabile
Assistant City Manager	Paul Navazio
Chief of Police	Landy Black
Community Development Director	Ken Hiatt
Interim Fire Chief	Bill Weisgerber
Parks & General Services Director	Donna Silva
Interim Public Works Director	Bob Clarke
Community Services Director	Elvia Garcia-Ayala

ADMINISTRATIVE STAFF

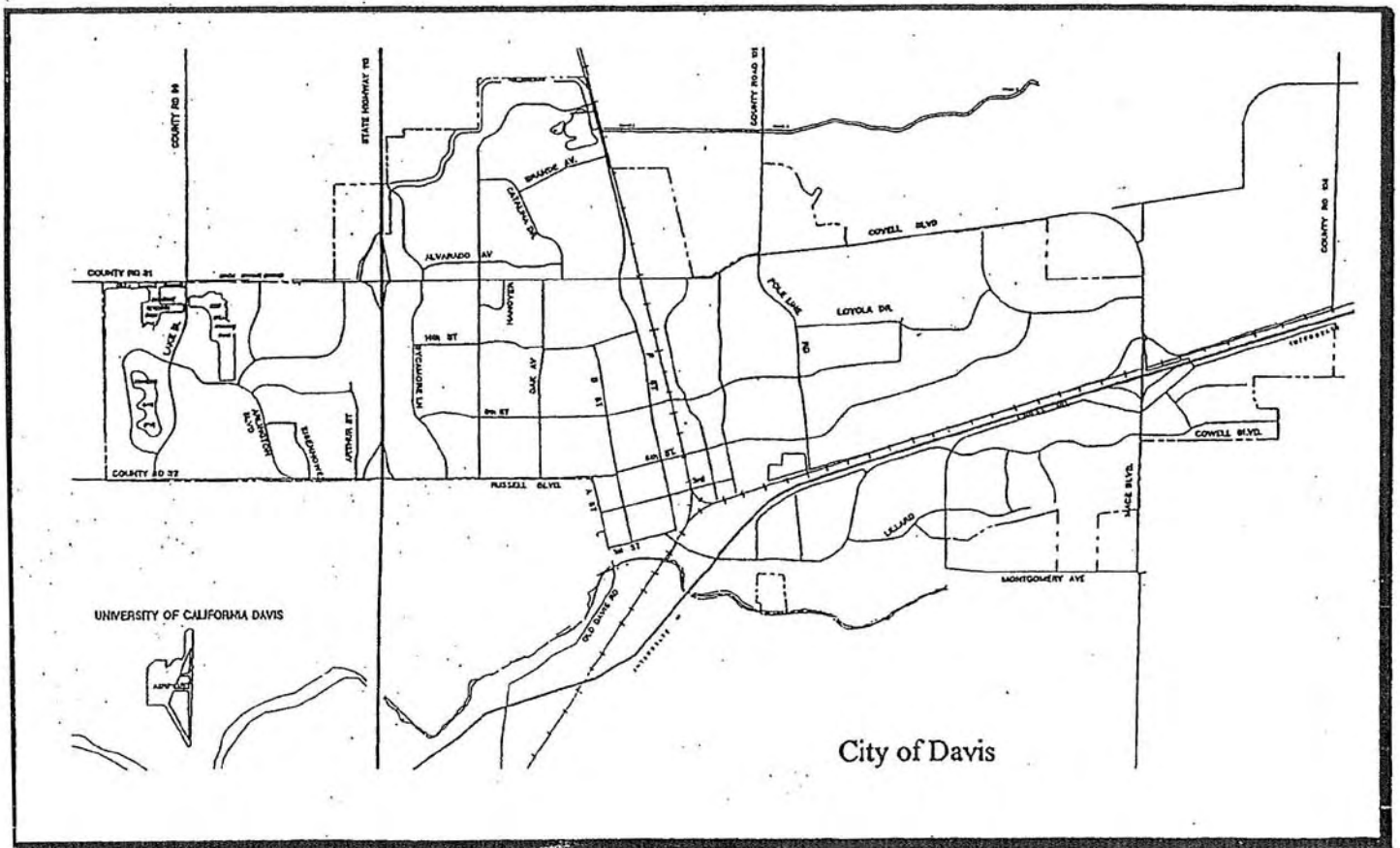
Financial Services Manager	Gail Buller
Financial Supervisor	Pam Day
Financial Supervisor	Kellie Bruton
Financial Associate	Karen Bordigon

City of Davis Organizational Chart





Regional Location



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,
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, 2010, 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, 2010, 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 December 17, 2010 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.

As discussed in note 1J to the financial statements, the City increased the beginning fund balance of its General Fund and decreased the beginning net assets of its Employee Benefits Internal Service Fund in the amount of \$2,763,391. In addition, as discussed in note 1I to the financial statements, the City increased the beginning net assets of the City Self Insurance Internal Service Fund and decreased the beginning net assets of the governmental-type activities as well as various Enterprise Funds in the aggregate amount of \$4,340,409. Total beginning net assets of the City was not affected as a result of the adjustments.

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

December 17, 2010

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 2009/10 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 2009/10 fiscal year include the following:

Citywide

- The City's total net assets decreased \$16.1 million to \$586 million in fiscal year 2010. At June 30, 2009 the City's net assets totaled \$602 million.
- Total City revenues, including program and general revenues were \$118.1 million, which was an decrease of \$2.3 million from the prior year's \$120.4 million.
- Total Citywide expenses were \$134.3million, an increase of \$7.2 million from the prior year's \$127.1 million.
- Net assets in Governmental funds decreased \$17.5 million, while net assets in Business-type Activities increased \$1.4 million.
- Governmental Program Revenues decreased \$5.7 million from fiscal year 2009's \$33.5 million.
- Governmental Program Expenses increased \$1.8 million from \$89.8 million in fiscal 2009.
- Revenues from Business-type Activities increased \$3.3 million in fiscal 2010 from \$41.7 million in fiscal 2009.
- Expenses of Business-type Activities increased \$5.3 million in fiscal 2010 from \$37.4 million in fiscal 2009.

Fund level

- Governmental Fund balances decreased to \$94.7 million in fiscal 2010 from the prior year's \$95.8 million.
- Governmental Fund revenues decreased \$4.1 million in fiscal 2010 from the prior year's \$76.7 million.
- Governmental Fund expenditures increased to \$76.5 million in fiscal 2010, up \$4.1 million from the prior year's \$72.4 million.
- General Fund balance of \$5.5 million in fiscal 2010 is down \$1.9 million from the prior year's \$3.6 million.
- General Fund revenues increased to \$37.93 million, up \$0.37 million from the prior year's \$37.56 million and expenditures decreased \$1.5 million from prior year's \$40.3 million.

Financial Condition Summary

Uncertainty over the national and State economy as well as the local effects 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 coming 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 are comprised of 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 general services, 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. These districts are 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, 2010
(in Millions)

	<u>Governmental Activities</u>	
	2010	2009
Cash and investments	67.486	73.811
Other assets	45.893	41.682
Capital assets	265.077	277.875
Total Assets	<u>378.456</u>	<u>393.368</u>
Long-term debt outstanding	29.685	30.596
Other liabilities	20.090	16.556
Total Liabilities	<u>49.775</u>	<u>47.152</u>
Net assets:		
Invested in capital assets, net of debt	239.049	252.723
Restricted	87.065	90.708
Unrestricted	2.567	2.784
Total net assets	<u>328.681</u>	<u>346.216</u>

The City's net assets decreased \$17.5 million in 2010. This decrease, also noted in the Change in Net Assets shown in Table 2, is explained below:

- Cash and investments decreased \$6.3 million and consists of \$67.5 million available to fund ongoing City operations. The remaining \$0.2 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 \$12.8 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 \$0.9 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 decreased to \$239.1 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 \$0.2 million to \$2.6 million which is available to finance day-to-day operations and other expenditures approved by City Council.

Fiscal Year 2010 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, 2010
(in Millions)

	<u>Governmental Activities</u>	
	2010	2009
Expenses		
City Council	0.120	0.165
City Attorney	0.331	0.362
City Manager	2.158	2.248
Finance	2.113	2.305
Community Development	2.999	3.719
Parks and Community Services	27.268	30.072
Public Safety - Fire	10.612	10.258
Public Safety - Police	17.161	15.899
Public Works	16.265	18.103
Special projects	11.099	5.230
Interest on debt	1.429	1.391
	<hr/>	<hr/>
Total expenses	91.555	89.752
	<hr/>	<hr/>
Revenues		
Program revenues:		
Charges for services	9.447	9.627
Operating contributions and grants	17.536	22.869
Development impact fees and permits	0.796	1.029
	<hr/>	<hr/>
Total program revenues	27.779	33.525
	<hr/>	<hr/>
General revenues:		
Taxes	38.840	35.550
Motor vehicle in-lieu	5.055	4.962
Investment income	0.558	1.895
Miscellaneous	0.543	1.569
Transfers, net		0.122
	<hr/>	<hr/>
Total general revenues	44.996	44.098
	<hr/>	<hr/>
Total revenues	72.775	77.623
	<hr/>	<hr/>
Changes in net assets	(18.780)	(12.129)
	<hr/>	<hr/>

Governmental revenue decreased \$4.8 million mostly due to a decrease in grant revenues (\$5.3 million) and investment income (1.3 million), which was partially offset by a smaller increase in tax revenue (\$3.3 million).

Expenses increased \$1.8 million in fiscal 2010. Special projects expenditures increased \$5.9 million, whereas Parks and community services expenditures decreased \$2.8 million.

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, 2010
(in Millions)

	<u>Net (Expense) Revenue</u> <u>From Services</u>		
	<u>2010</u>	<u>2009</u>	<u>Net Change</u>
City council	(0.120)	(0.165)	0.045
City attorney	(0.286)	(0.348)	0.062
City manager	(2.099)	(2.188)	0.089
Finance	0.286	0.030	0.256
Community development	(1.218)	(1.709)	0.491
Parks and community services	(13.757)	(15.547)	1.790
Public safety - fire	(7.122)	(6.753)	(0.369)
Public safety - police	(15.323)	(14.205)	(1.118)
Public works	(12.933)	(10.881)	(2.052)
Special projects	(9.776)	(3.070)	(6.706)
Interest on debt	(1.429)	(1.391)	(0.038)

- 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 fines, 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 primarily through charges for recreation programs.

Business-type Activities

Table 4
Business-Type Net Assets
As of June 30, 2010
(in Millions)

	<u>Business-Type Activities</u>	
	2010	2009
Cash and investments	32.619	31.744
Other current assets	3.283	4.628
Capital assets	<u>241.313</u>	<u>238.586</u>
Total Assets	<u>277.215</u>	<u>274.958</u>
Long-term debt outstanding	13.145	14.557
Other liabilities	<u>6.938</u>	<u>4.682</u>
Total Liabilities	<u>20.083</u>	<u>19.239</u>
Net assets:		
Invested in capital assets, net of related debt	228.168	224.029
Restricted	0.000	0.000
Unrestricted	<u>28.963</u>	<u>31.690</u>
Total net assets	<u>257.131</u>	<u>255.719</u>

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, 2010
(in Millions)

		<u>Business-Type Activities</u>	
		2010	2009
Expenses			
	Water	10.266	9.236
	Sanitation	8.986	8.777
	Sewer	8.728	8.804
	Storm sewer	2.948	2.833
	Public Transit	<u>11.787</u>	<u>7.718</u>
	Total expenses	<u>42.715</u>	<u>37.368</u>
Revenues			
	Program revenues:		
	Charges for services	33.173	33.408
	Operating contributions and grants	11.750	7.375
	Development impact fees and permits	<u>0.000</u>	<u>0.865</u>
	Total program revenues	<u>44.923</u>	<u>41.648</u>
	General revenues:		
	Investment income	0.319	0.815
	Miscellaneous	0.131	0.294
	Transfers, net	<u>0.000</u>	<u>0.000</u>
	Total general revenues	<u>0.450</u>	<u>1.109</u>
	Total revenues	<u>45.373</u>	<u>42.757</u>
Changes in net assets		<u>2.658</u>	<u>5.389</u>

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, 2010
(in Millions)

	<u>2010</u>	<u>2009</u>	<u>Net Change</u>
Total assets	104.088	105.214	(1.126)
Total liabilities	9.370	9.449	(0.079)
Total fund balances	94.717	95.765	(1.048)
Total revenues	72.643	76.679	(4.036)
Total expenditures	76.485	72.360	4.125
Total other financing sources (uses)	0.032	0.474	(0.442)

Governmental Funds

At June 30, 2010, the City's governmental funds reported combined fund balances of \$94.7 million, which is a decrease of \$1.0 million compared with last year. \$38.9 million is legally reserved as to how the funds are to be spent. \$55.8 million is available to fund ongoing City operations.

Revenues at the fund level decreased \$4.2 million this year to \$72.6 million. The General Fund accounted for 52.2%, Child Care Grant Fund accounted for 13.7% and the Redevelopment Agency accounted for 14.9% of this revenue. The remainder was primarily in the Non-Major funds. Governmental expenditures increased \$5.7 million to \$76.5 million, of which the General Fund generated 50.7%, Child Care Grant Fund accounted for 12.9% and the Redevelopment Agency expenditures generated 12.2%. The remainder was spent in Non-Major funds.

Proprietary Funds

Enterprise Fund net assets increased \$1.4 million to \$257.1 million at June 30, 2010. Enterprise operating revenues decreased \$0.3 million to \$33.1 million this year, while net non-operating revenues increased to \$12.2 million from last year's \$9.3 million.

Enterprise Fund operating expenses increased \$5.3 million to \$42.7 million in FY 2010.

Analysis of Major Governmental Funds

General Fund

General Fund revenues consisted primarily of property taxes and other taxes, which increased \$0.9 million to \$28.4 million or 74.9% of total fund revenue, for the year ended June 30, 2010. Charges for current services showed a decrease of \$0.2 million and represented 12.3% of total fund revenue. Other General Fund revenues showed increases and decreases and contributed to an overall increase of \$0.37 million.

General Fund expenditures decreased \$1.5 million and consisted primarily of parks and community services (26%); police (35%) and fire (21%) for the year ended June 30, 2010. The primary expenditures associated with these services consisted of salaries and benefits.

The General Fund shows several revenue and expenditure categories with significant budget variances, including; Use of money and property, and various departmental expenditures. The variance in Use of money and property revenue is due to the decline in interest revenue. The departmental expenditure variances were the result of citywide cost-containment measures implemented due to declining revenues. Cost containment measures included MOU adjustments including furloughs, a hiring freeze and elimination of non-essential travel and training.

At June 30, 2010 the General Fund Balance held \$4.3 million in unreserved, undesignated balances and \$1.2 million reserved or designated fund balances. Only the unreserved portion represents available liquid resources. The fund balance increased \$1.9 million due primarily to the re-classification of the Employee Benefits fund from a sub-fund of the General Fund, to the newly presented Employee Benefits Internal Service Fund.

Child Care Grant

Child Care Grant fund revenues consist primarily of grant revenue which decreased \$1.5 million and totaled \$9.6 million or 97.0% of total fund revenue, for the year ended June 30, 2010.

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, 2010 the Child Care fund balance held \$20,067 in designated or reserved fund balance and \$91,914 in undesignated fund balance.

Redevelopment Agency

The Redevelopment Agency revenues consist primarily of property taxes, which increased \$0.3 million to a total of \$10.4 million or 96.1% of total fund revenue, for the year ended June 30, 2010.

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.

On June 30, 2010 the Redevelopment Agency fund balance held \$10.6 million in unreserved, undesignated fund balance and \$124,118 in restricted fund balance. The restricted fund balance is primarily due to a reserve for encumbrances.

Redevelopment Agency Low Income Housing Fund

The Redevelopment Agency Low Income Housing Fund revenues consisted of investment income, which decreased \$157,967 to a total of \$112,173 or 85% of total fund revenue, for the fiscal year ended June 30, 2010.

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, 2009 the Redevelopment Agency Low Income Housing Fund held \$26.0 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 decreased \$0.4 million and consist primarily of development impact fees in the amount of \$0.4 million (\$0.5 million decrease) or 32.1% of total fund revenues, interest income in the amount of \$0.2 million (\$476,451 decrease) or 18% of total fund revenues, and other revenue of 600,000 for the year ended June 30, 2010. Development impact fees are wholly dependent on new development and decrease as the City moves closer to build out.

Primary expenditures for the Development Deferred Improvements fund are for capital projects. Capital projects expenditures decreased \$0.3 million and comprise \$1.1 million or 85.4% of total expenditures.

At June 30, 2009 the Development Deferred Improvements Fund held \$24.9 million in unreserved fund balance and \$222,013 in reserved or designated 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 \$9.9 million or 99.5% of total fund revenues. This represents a \$0.4 million increase in fee revenue.

Primary expenditures are for water production, distribution and system maintenance (\$6.2 million). There was a \$680,982 increase in the amount of operating expenditures from the prior year.

Sanitation

Sanitation Fund revenues consist primarily of charges for services to the residents of Davis in the amount of \$9.0 million or 99.0% of total fund revenues. Revenues increased slightly (\$.1 million) from the prior year.

Primary expenditures are for waste collection and street sweeping (\$8.5 million). Fund expenditures increased \$0.2 million from the prior year.

Sewer

Sewer Fund revenues consist primarily of charges for services to the residents of Davis in the amount of \$12.8 million or 99.6% of total fund revenues. Sewer fee revenue decreased \$0.8 million from the prior year.

Primary expenditures are for sewage collection and treatment (\$5.0 million).

Storm Sewer

Storm Sewer Fund revenues consist primarily of charges for services to the residents of Davis in the amount of \$1.5 million or 95.1% of total fund revenues. Fee revenue increased \$13,407.

Primary expenditures are for storm drainage system maintenance (\$1.2 million). Expenditures increased \$115,397 from the prior year.

Public Transit

Public Transit fund revenues consist primarily of operating grants and subventions in the amount of \$11.7 million or 99.7% of total fund revenues. Grants and subventions increased \$4.4 million.

Primary expenditures are for the provision of public transportation services (\$11.2 million). This reflects an increase in expenditures of \$3.8 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 FY 2006/07. At the end of FY 2010 the City had \$506.4 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, 2010
(in Millions)

	<u>2010</u>	<u>2009</u>	<u>Net Change</u>
Governmental activities:			
Land	66.433	65.500	0.933
Construction in progress	34.004	31.499	2.505
Buildings and improvements	31.558	31.365	0.193
Equipment	14.124	13.441	0.683
Infrastructure - Streets	243.440	243.440	0.000
Infrastructure - Parks	53.802	52.839	0.963
Infrastructure - Bike/Ped Paths	<u>12.406</u>	<u>12.406</u>	<u>0.000</u>
Less accumulated depreciation	<u>-190.689</u>	<u>-172.615</u>	<u>-18.074</u>
Totals	<u>265.078</u>	<u>277.875</u>	<u>-12.797</u>
Business-type activities:			
Land	5.868	5.868	0.000
Construction in progress	21.273	14.409	6.864
Buildings	153.398	151.875	1.523
Pipes and Lines	137.214	137.214	0.000
Equipment	<u>26.614</u>	<u>26.117</u>	<u>0.497</u>
Less accumulated depreciation	<u>-103.054</u>	<u>-96.897</u>	<u>-6.157</u>
Totals	<u>241.313</u>	<u>238.586</u>	<u>2.727</u>

Debt Administration

Each of the City's debt issues is discussed in detail in Note 6 to the financial statements. At June 30, 2010 the City's debt comprised:

Table 8
Outstanding Debt at June 30, 2010
(in Millions)

	<u>2010</u>	<u>2009</u>	<u>Net Change</u>
Governmental activities:	29.685	30.596	-0.911
Business-type activities:	<u>13.145</u>	<u>14.557</u>	<u>-1.412</u>
Totals	<u>42.830</u>	<u>45.153</u>	<u>-2.323</u>

Special Assessment District Debt

At June 30, 2010, a total of \$32.310 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.

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CITY OF DAVIS
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 2)	\$67,274,333	\$31,906,830	\$99,181,163
Cash with fiscal agents (Note 2)	211,609	712,036	923,645
Accrued interest	146,461	68,333	214,794
Receivables:			
General accounts	4,153,605	2,739,584	6,893,189
Grants	2,879,001	2,484,619	5,363,620
Utility accounts	472,472	3,856,448	4,328,920
Loans (Note 4)	27,481,424		27,481,424
Mortgages (Note 4)	504,658		504,658
Prepaid expenses	129,679		129,679
Inventory	343,506		343,506
Internal balances (Note 3D)	5,866,111	(5,866,111)	
Properties held for resale (Note 9)	3,915,830		3,915,830
Capital assets (Note 5):			
Non-depreciable	100,436,920	27,140,533	127,577,453
Depreciable, net of depreciation	164,640,722	214,172,235	378,812,957
Total Assets	378,456,331	277,214,507	655,670,838
LIABILITIES			
Payables:			
Accounts	5,942,232	2,099,777	8,042,009
Grants	25,809		25,809
Interest	463,418		463,418
Deposits	1,428,877	53,225	1,482,102
Unearned revenue	1,016,026	2,170,334	3,186,360
OPEB liability, due in more than one year (Note 11)	8,112,134	2,199,410	10,311,544
Claims payable (Note 13)			
Due within one year	198,916		198,916
Due in more than one year	267,881		267,881
Compensated absences (Note 1H)			
Due within one year	116,619	415,857	532,476
Due in more than one year	2,518,538		2,518,538
Long-term debt (Note 6):			
Due within one year	967,358	1,452,952	2,420,310
Due in more than one year	28,717,736	11,691,936	40,409,672
Total Liabilities	49,775,544	20,083,491	69,859,035
NET ASSETS (Note 8):			
Invested in capital assets, net of related debt	239,049,020	228,167,880	467,216,900
Restricted for:			
Capital projects	30,128,158		30,128,158
Debt service	380,458		380,458
Redevelopment activities	36,768,596		36,768,596
Special revenue projects	19,787,743		19,787,743
Total Restricted Net Assets	87,064,955		87,064,955
Unrestricted	2,566,812	28,963,136	31,529,948
Total Net Assets	\$328,680,787	\$257,131,016	\$585,811,803

See accompanying notes to financial statements

CITY OF DAVIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Development Impact Fees and Permits
Governmental Activities:				
City council	\$120,068			
City attorney	331,121	\$44,730		
City manager	2,157,842	59,294		
Finance	2,113,284	2,399,082		
Community development	2,998,509	1,780,545		
Parks and community services	27,267,525	2,733,651	\$10,269,916	\$507,163
Public safety - fire	10,611,459	871,086	2,618,805	
Public safety - police	17,161,188	1,224,159	614,403	
Public works	16,265,385	334,326	2,933,704	64,116
Special projects	11,099,172		1,098,674	224,782
Debt service:				
Interest on long-term debt	1,429,321			
Total Governmental Activities	91,554,874	9,446,873	17,535,502	796,061
Business-type Activities:				
Water	10,266,380	9,896,995	20,772	
Sanitation	8,986,002	8,967,949	38,120	
Sewer	8,727,978	12,751,768		
Storm sewer	2,947,887	1,519,490		
Public transit	11,787,091	36,354	11,692,016	
Total Business-type Activities	42,715,338	33,172,556	11,750,908	
Total	\$134,270,212	\$42,619,429	\$29,286,410	\$796,061
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				
Total general revenues				
Change in Net Assets				
Beginning Net Assets, as restated (Note 1J and Note 11)				
Ending Net Assets				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
(\$120,068)		(\$120,068)
(286,391)		(286,391)
(2,098,548)		(2,098,548)
285,798		285,798
(1,217,964)		(1,217,964)
(13,756,795)		(13,756,795)
(7,121,568)		(7,121,568)
(15,322,626)		(15,322,626)
(12,933,239)		(12,933,239)
(9,775,716)		(9,775,716)
<u>(1,429,321)</u>		<u>(1,429,321)</u>
<u>(63,776,438)</u>		<u>(63,776,438)</u>
	(\$348,613)	(348,613)
	20,067	20,067
	4,023,790	4,023,790
	(1,428,397)	(1,428,397)
	<u>(58,721)</u>	<u>(58,721)</u>
	<u>2,208,126</u>	<u>2,208,126</u>
<u>(63,776,438)</u>	<u>2,208,126</u>	<u>(61,568,312)</u>
20,322,775		20,322,775
8,418,817		8,418,817
4,336,510		4,336,510
1,492,242		1,492,242
1,344,782		1,344,782
208,859		208,859
641,221		641,221
1,034,530		1,034,530
912,456		912,456
127,887		127,887
5,054,571		5,054,571
558,490	318,724	877,214
<u>542,805</u>	<u>131,317</u>	<u>674,122</u>
<u>44,995,945</u>	<u>450,041</u>	<u>45,445,986</u>
(18,780,493)	2,658,167	(16,122,326)
<u>347,461,280</u>	<u>254,472,849</u>	<u>601,934,129</u>
<u>\$328,680,787</u>	<u>\$257,131,016</u>	<u>\$585,811,803</u>

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FUND FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2010. 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 the 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.

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.

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2010

	<u>General</u>	<u>Child Care Grant</u>	<u>Redevelopment Agency</u>	<u>Redevelopment Agency Low Income Housing</u>
ASSETS				
Cash and investments (Note 2)	\$2,438,394	\$722,639	\$11,104,873	\$7,164,019
Cash with fiscal agents (Note 2)				
Accrued interest	4,130	1,161	30,828	14,688
Receivables:				
General accounts	2,947,896		396,513	
Grants	1,056,493	376,720		
Utility accounts	253,566			
Loans (Note 4)	149,023		29,076	13,386,966
Mortgages (Note 4)				
Due from other funds (Note 3A)	2,866,906			
Properties held for resale (Note 9)				3,915,830
Advances to other funds (Note 3B)				1,600,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$9,716,408</u>	<u>\$1,100,520</u>	<u>\$11,561,290</u>	<u>\$26,081,503</u>
LIABILITIES				
Payables:				
Accounts	\$2,248,047	\$690,663	\$122,200	\$36,188
Grants		25,809		
Deposits	1,148,435		12,769	
Deferred revenue	785,995	272,067	13,149	
Due to other funds (Note 3A)				
Advances from other funds (Note 3B)			689,891	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>4,182,477</u>	<u>988,539</u>	<u>838,009</u>	<u>36,188</u>
FUND BALANCES				
Fund balance (Note 8):				
Reserved for:				
Debt service				
Encumbrances	279,848	20,067	124,118	33,825
Long-term loans receivable	149,023			13,359,336
Advances				1,600,000
Properties held for resale				3,915,830
Payment withheld by state	851,102			
Low and moderate income-housing				1,516,719
Unreserved:				
Designated for low cost housing				5,619,605
Designated for open space				
Undesignated, Reported in:				
General Fund	4,253,958			
Special Revenue Funds		91,914	10,599,163	
Capital Projects Funds				
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>5,533,931</u>	<u>111,981</u>	<u>10,723,281</u>	<u>26,045,315</u>
	<u>\$9,716,408</u>	<u>\$1,100,520</u>	<u>\$11,561,290</u>	<u>\$26,081,503</u>

See accompanying notes to financial statements

Development Deferred Improvement	Housing In-Lieu	Other Governmental Funds	Total Governmental Funds
\$19,956,546	\$435,387	\$13,120,773	\$54,942,631
		211,609	211,609
50,583	53	25,095	126,538
283,392		429,729	4,057,530
		1,445,788	2,879,001
		218,906	472,472
	6,550,920	7,365,439	27,481,424
	292,784	211,874	504,658
5,029,759			7,896,665
			3,915,830
			1,600,000
<u>\$25,320,280</u>	<u>\$7,279,144</u>	<u>\$23,029,213</u>	<u>\$104,088,358</u>
\$31,455		\$182,367	\$3,310,920
			25,809
172,988		13,325	1,347,517
	\$292,784	400,795	1,764,790
		631,966	631,966
	1,600,000		2,289,891
<u>204,443</u>	<u>1,892,784</u>	<u>1,228,453</u>	<u>9,370,893</u>
		380,458	380,458
222,013		2,357,530	3,037,401
	6,537,001	7,577,313	27,622,673
			1,600,000
			3,915,830
			851,102
			1,516,719
	100,000		5,719,605
600,000			600,000
			4,253,958
	(1,250,641)	8,316,738	17,757,174
24,293,824		3,168,721	27,462,545
<u>25,115,837</u>	<u>5,386,360</u>	<u>21,800,760</u>	<u>94,717,465</u>
<u>\$25,320,280</u>	<u>\$7,279,144</u>	<u>\$23,029,213</u>	<u>\$104,088,358</u>

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CITY OF DAVIS
RECONCILIATION OF THE
GOVERNMENTAL FUNDS - FUND BALANCE
WITH THE
STATEMENT OF NET ASSETS
JUNE 30, 2010

Total fund balances reported on the governmental funds balance sheet	\$94,717,465
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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.	256,367,711
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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	12,331,702
Accrued interest	19,923
Accounts receivable	96,075
Prepaid expenses	129,679
Inventory	343,506
Capital assets, net	8,709,931
Accounts payable	(2,631,312)
Leave benefits payable	(116,619)
Deposits	(81,360)
OPEB liability	0
Claims payable	(466,797)
Unearned revenue	(4,170)
Internal balances	(708,697)

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.	752,934
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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	(29,685,094)
Net OPEB obligations, due in more than one year	(8,112,134)
Interest payable	(463,418)
Non-current portion of compensated absences	(2,518,538)

NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$328,680,787
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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, 2010

	General	Child Care Grant	Redevelopment Agency	Redevelopment Agency Low Income Housing
REVENUES				
Taxes	\$28,408,788		\$10,405,232	
Licenses and permits	188			
Fines and forfeitures	861,131			
Use of money and property	233,260	\$3,997	345,311	\$112,173
Intergovernmental	946,013	9,644,199	48,354	
Charges for current services	4,652,996	289,638		
Development fees				19,841
Administrative fee - Enterprise Fund	2,316,719			
Other	506,013	200	25,328	
Total Revenues	37,925,108	9,938,034	10,824,225	132,014
EXPENDITURES				
Current:				
City Council	129,390			
City Attorney	331,121			
City Manager	1,950,261			
Finance	1,864,192			
Community development	1,186,282		117,628	
Parks and community services	10,242,737	9,935,222		
Public safety - fire	8,128,048			
Public safety - police	13,699,895			
Public works	924,054			
Special projects	90,338		9,211,755	643,669
Capital improvements	36,026			
Debt service:				
Principal	178,828			
Interest and fiscal charges	26,830			
Total Expenditures	38,788,002	9,935,222	9,329,383	643,669
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(862,894)	2,812	1,494,842	(511,655)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt (Note 6)				13,289
Transfers in (Note 3C)	1,247			2,090,717
Transfers (out) (Note 3C)			(4,055,878)	(580,265)
Total Other Financing Sources (Uses)	1,247		(4,055,878)	1,523,741
NET CHANGE IN FUND BALANCES	(861,647)	2,812	(2,561,036)	1,012,086
BEGINNING FUND BALANCES, AS RESTATED (Note 1J and Note 11)	6,395,578	109,169	13,284,317	25,033,229
ENDING FUND BALANCES	\$5,533,931	\$111,981	\$10,723,281	\$26,045,315

See accompanying notes to financial statements

Development Deferred Improvement	Housing In-Lieu	Other Governmental Funds	Total Governmental Funds
		\$3,053,722	\$41,867,742
			188
			861,131
\$216,546	\$7,375	155,582	1,074,244
		4,604,470	15,243,036
	4,207	3,332,737	8,279,578
387,114		185,419	592,374
			2,316,719
600,000		1,276,280	2,407,821
1,203,660	11,582	12,608,210	72,642,833
			129,390
			331,121
			1,950,261
130,100		54,478	2,048,770
		1,490,453	2,794,363
337		2,365,550	22,543,846
		1,515,407	9,643,455
		2,005,498	15,705,393
		3,561,121	4,485,175
58,984	5,137	1,105,228	11,115,111
1,105,671		2,230,564	3,372,261
		745,000	923,828
		1,415,523	1,442,353
1,295,092	5,137	16,488,822	76,485,327
(91,432)	6,445	(3,880,612)	(3,842,494)
			13,289
		2,898,546	4,990,510
		(335,933)	(4,972,076)
		2,562,613	31,723
(91,432)	6,445	(1,317,999)	(3,810,771)
25,207,269	5,379,915	23,118,759	98,528,236
\$25,115,837	\$5,386,360	\$21,800,760	\$94,717,465

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, 2010

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	(\$3,810,771)
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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	3,372,261
Non-capitalized capital outlay expenditures are therefore reclassified as program expenses	2,629,113
Loss on retirement of capital assets is deducted from the fund balance	(1,103,950)
Depreciation expense is deducted from the fund balance	
(Depreciation expense is net of internal service fund depreciation of \$1,211,242 which has already been allocated to serviced funds)	(17,384,073)

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	923,828
Proceeds from the issuance of debt is deducted from fund balance	(13,289)

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	13,032
Deferred revenue	(66,181)
Compensated absences	54,115
Net OPEB obligation	(5,017,460)

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	1,622,882
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	(\$18,780,493)
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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, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	\$27,944,600	\$27,944,600	\$28,408,788	\$464,188
Licenses and permits	100	100	188	88
Fines and forfeitures	828,475	828,475	861,131	32,656
Use of money and property	548,942	548,942	233,260	(315,682)
Intergovernmental	601,300	869,689	946,013	76,324
Charges for current services	4,514,648	4,689,251	4,652,996	(36,255)
Administrative fee - Enterprise Fund	2,316,719	2,316,719	2,316,719	
Other	165,678	407,008	506,013	99,005
Total Revenues	36,920,462	37,604,784	37,925,108	320,324
EXPENDITURES:				
Current:				
City Council	133,421	134,032	129,390	4,642
City Attorney	362,967	362,967	331,121	31,846
City Manager	1,927,911	2,178,070	1,950,261	227,809
Finance	1,980,677	2,002,245	1,864,192	138,053
Community development	1,253,180	1,253,180	1,186,282	66,898
Parks and community services	11,212,522	11,306,882	10,242,737	1,064,145
Public safety - fire	8,361,754	8,616,053	8,128,048	488,005
Public safety - police	13,680,976	13,683,706	13,699,895	(16,189)
Public works	1,068,872	1,242,999	924,054	318,945
Special projects	205,658	205,658	90,338	115,320
Capital improvements	49	76,831	36,026	40,805
Debt service:				
Principal	178,828	178,828	178,828	
Interest and fiscal charges	26,830	26,830	26,830	
Total Expenditures	40,393,645	41,268,281	38,788,002	2,480,279
OTHER FINANCING SOURCES (USES)				
Transfers (in)			1,247	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,473,183)	(3,663,497)	(861,647)	2,801,850
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(\$3,473,183)	(\$3,663,497)	(861,647)	\$2,801,850
Beginning fund balance, as restated (Note 1J and Note 11)			6,395,578	
Ending fund balance			\$5,533,931	

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, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Use of money and property	\$30,927	\$30,927	\$3,997	(\$26,930)
Intergovernmental	10,401,745	10,289,488	9,644,199	(645,289)
Charges for current services	266,839	266,839	289,638	22,799
Other			200	200
Total Revenues	10,699,511	10,587,254	9,938,034	(649,220)
EXPENDITURES:				
Current:				
Parks and community services	10,694,510	10,582,253	9,935,222	647,031
Total Expenditures	10,694,510	10,582,253	9,935,222	647,031
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	5,001	5,001	2,812	(2,189)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$5,001	\$5,001	2,812	(\$2,189)
Beginning fund balance			109,169	
Ending fund balance			\$111,981	

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, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	\$10,417,300	\$10,417,300	\$10,405,232	(\$12,068)
Use of money and property	629,416	629,416	345,311	(284,105)
Intergovernmental	47,000	47,000	48,354	1,354
Other	9,000	9,000	25,328	16,328
Total Revenues	<u>11,102,716</u>	<u>11,102,716</u>	<u>10,824,225</u>	<u>(278,491)</u>
EXPENDITURES:				
Current:				
Community development	128,614	128,614	117,628	10,986
Special projects	<u>4,879,258</u>	<u>9,577,229</u>	<u>9,211,755</u>	<u>365,474</u>
Total Expenditures	<u>5,007,872</u>	<u>9,705,843</u>	<u>9,329,383</u>	<u>376,460</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>6,094,844</u>	<u>1,396,873</u>	<u>1,494,842</u>	<u>97,969</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	<u>(3,636,703)</u>	<u>(3,636,703)</u>	<u>(4,055,878)</u>	<u>(419,175)</u>
Total other financing sources (uses)	<u>(3,636,703)</u>	<u>(3,636,703)</u>	<u>(4,055,878)</u>	<u>(419,175)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$2,458,141</u>	<u>(\$2,239,830)</u>	<u>(2,561,036)</u>	<u>(\$321,206)</u>
Beginning fund balance			<u>13,284,317</u>	
Ending fund balance			<u><u>\$10,723,281</u></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, 2010

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Use of money and property	\$475,187	\$475,187	\$112,173	(\$363,014)
Development fees	44,400	44,400	19,841	(24,559)
Other	71,372	1,180		(1,180)
Total Revenues	590,959	520,767	132,014	(388,753)
EXPENDITURES:				
Current:				
Special projects	464,369	719,459	643,669	75,790
Total Expenditures	464,369	719,459	643,669	75,790
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	126,590	(198,692)	(511,655)	(312,963)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt			13,289	13,289
Transfers in	2,083,460	2,083,460	2,090,717	7,257
Transfers (out)	(587,790)	(587,790)	(580,265)	7,525
Total other financing sources (uses)	1,495,670	1,495,670	1,523,741	28,071
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$1,622,260	\$1,296,978	1,012,086	(\$284,892)
Beginning fund balance			25,033,229	
Ending fund balance			\$26,045,315	

See accompanying notes to financial statements

CITY OF DAVIS
HOUSING IN-LIEU FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Use of money and property	\$38,496	\$38,496	\$7,375	(\$31,121)
Charges for services			4,207	4,207
Total Revenues	<u>38,496</u>	<u>38,496</u>	<u>11,582</u>	<u>(26,914)</u>
EXPENDITURES:				
Current:				
Special projects	<u>14,312</u>	<u>14,312</u>	<u>5,137</u>	<u>9,175</u>
Total Expenditures	<u>14,312</u>	<u>14,312</u>	<u>5,137</u>	<u>9,175</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>24,184</u>	<u>24,184</u>	<u>6,445</u>	<u>(17,739)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$24,184</u>	<u>\$24,184</u>	6,445	<u>(\$17,739)</u>
Beginning fund balance			<u>5,379,915</u>	
Ending fund balance			<u>\$5,386,360</u>	

See accompanying notes to financial statements

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MAJOR PROPRIETARY FUNDS

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

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, 2010

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
ASSETS				
Current Assets:				
Cash and investments (Note 2)		\$1,781,285	\$25,988,410	\$4,137,135
Cash with fiscal agents (Note 2)	\$712,036			
Accrued interest	4,176	4,827	49,500	9,739
Receivables:				
General accounts	2,179,447	1,500	229,021	329,216
Grants	38,929	20,685		
Utility accounts	797,763	938,201	1,842,344	278,140
Loans				
Prepaid expenses				
Inventory				
Total Current Assets	<u>3,732,351</u>	<u>2,746,498</u>	<u>28,109,275</u>	<u>4,754,230</u>
Noncurrent Assets:				
Advances to other funds (Note 3B)				
Capital Assets (Note 5):				
Non-depreciable	15,743,041	7,845	9,078,526	2,111,932
Depreciable	121,147,253	2,718	90,766,768	101,223,382
Accumulated depreciation	<u>(37,692,609)</u>	<u>(2,703)</u>	<u>(40,333,815)</u>	<u>(23,972,450)</u>
Total Noncurrent Assets	<u>99,197,685</u>	<u>7,860</u>	<u>59,511,479</u>	<u>79,362,864</u>
Total Assets	<u>102,930,036</u>	<u>2,754,358</u>	<u>87,620,754</u>	<u>84,117,094</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	379,889	695,313	352,505	62,609
Leave benefits payable (Note 1H)	183,121		222,928	
Deposits	44,625		8,600	
Deferred revenue	66,743	821,045	1,136,514	146,032
Due to other funds (Note 3A)	2,671,946			
Claims payable (Note 13)				
Loans payable (Note 6)	<u>535,468</u>		<u>917,484</u>	
Total Current Liabilities	<u>3,881,792</u>	<u>1,516,358</u>	<u>2,638,031</u>	<u>208,641</u>
Noncurrent Liabilities:				
Advances from other funds (Note 3B)			734,159	734,159
OPEB liability	991,115	86,339	930,622	186,848
Claims payable (Note 13)				
Long-term loans payable (Note 6)	<u>3,593,956</u>		<u>8,097,980</u>	
Total Noncurrent Liabilities	<u>4,585,071</u>	<u>86,339</u>	<u>9,762,761</u>	<u>921,007</u>
Total Liabilities	<u>8,466,863</u>	<u>1,602,697</u>	<u>12,400,792</u>	<u>1,129,648</u>
NET ASSETS (Note 8)				
Invested in capital assets, net of related debt	95,068,261	7,860	50,496,015	79,362,864
Unrestricted	<u>(605,088)</u>	<u>1,143,801</u>	<u>24,723,947</u>	<u>3,624,582</u>
Total Net Assets	<u>\$94,463,173</u>	<u>\$1,151,661</u>	<u>\$75,219,962</u>	<u>\$82,987,446</u>

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
	\$31,906,830	\$12,331,702
	712,036	
\$91	68,333	19,923
400	2,739,584	96,075
2,425,005	2,484,619	
	3,856,448	
		129,679
		343,506
2,425,496	41,767,850	12,920,885
		2,158,209
199,189	27,140,533	736,975
4,086,464	317,226,585	15,968,428
(1,052,773)	(103,054,350)	(7,995,472)
3,232,880	241,312,768	10,868,140
5,658,376	283,080,618	23,789,025
609,461	2,099,777	2,631,312
9,808	415,857	116,619
	53,225	81,360
	2,170,334	4,170
1,725,847	4,397,793	2,866,906
		198,916
	1,452,952	
2,345,116	10,589,938	5,899,283
4,486	1,468,318	
	2,199,410	267,881
	11,691,936	
4,486	15,359,664	267,881
2,349,602	25,949,602	6,167,164
3,232,880	228,167,880	8,709,931
75,894	28,963,136	8,911,930
\$3,308,774	\$257,131,016	\$17,621,861

CITY OF DAVIS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
OPERATING REVENUES				
Charges for current services	\$9,896,995	\$8,967,949	\$12,751,768	\$1,519,490
Total Operating Revenues	9,896,995	8,967,949	12,751,768	1,519,490
OPERATING EXPENSES				
Administrative and billing	273,248	237,287	438,976	71,236
Payments to general government	477,527	230,322	725,160	74,232
Water production	3,278,935			
Water distribution	1,268,733			
Water system maintenance	1,339,096			
Street sweeping		685,497		
Waste removal and solid waste management		7,795,425		
Sewage collection			993,126	
Sewage treatment			3,957,692	
Storm drainage system maintenance				1,201,357
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				
OPEB expense	429,752	37,437	403,522	81,018
Depreciation	2,603,400	34	1,946,230	1,520,044
Other	246,772		21,967	
Total Operating Expenses	9,917,463	8,986,002	8,486,673	2,947,887
Operating Income (Loss)	(20,468)	(18,053)	4,265,095	(1,428,397)
NONOPERATING REVENUES (EXPENSES)				
Interest income	20,731	24,532	230,326	42,930
Interest (expense)	(348,917)		(241,305)	
Operating grants and subventions	20,772	38,120		
Gain on disposal of capital assets				
Other	4,488	32,119	59,062	35,648
Total Nonoperating Revenues (Expenses)	(302,926)	94,771	48,083	78,578
Income (Loss) Before Contributions and Transfers	(323,394)	76,718	4,313,178	(1,349,819)
Transfer (Out)				
Change in net assets	(323,394)	76,718	4,313,178	(1,349,819)
BEGINNING NET ASSETS, as restated (Note 1J and Note 11)	94,786,567	1,074,943	70,906,784	84,337,265
ENDING NET ASSETS	\$94,463,173	\$1,151,661	\$75,219,962	\$82,987,446

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
\$36,354	\$33,172,556	\$14,643,762
36,354	33,172,556	14,643,762
	1,020,747	
	1,507,241	
	3,278,935	
	1,268,733	
	1,339,096	
	685,497	
	7,795,425	
	993,126	
	3,957,692	
	1,201,357	
11,221,063	11,221,063	
460,670	460,670	
		216,543
		1,407,052
		190,653
		1,374,586
		161,704
		281,801
		6,841,438
		118,209
		1,620,221
1,946	953,675	
103,412	6,173,120	1,211,242
	268,739	
11,787,091	42,125,116	13,423,449
(11,750,737)	(8,952,560)	1,220,313
205	318,724	179,295
	(590,222)	
11,692,016	11,750,908	
		(23,015)
	131,317	264,723
11,692,221	11,610,727	421,003
(58,516)	2,658,167	1,641,316
		(18,434)
(58,516)	2,658,167	1,622,882
3,367,290	254,472,849	15,998,979
\$3,308,774	\$257,131,016	\$17,621,861

CITY OF DAVIS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$9,629,535	\$8,752,246	\$12,059,047	\$1,427,879
Payments to suppliers	(5,790,909)	(8,459,989)	(4,921,419)	(1,169,574)
Payments to employees	(734,661)	(467,609)	(1,141,433)	(145,468)
Claims paid				
Other revenue (expenses)	<u>(246,772)</u>		<u>(21,967)</u>	
Cash Flows from Operating Activities	<u>2,857,193</u>	<u>(175,352)</u>	<u>5,974,228</u>	<u>112,837</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants and contributions	8,892	17,435		
Interfund receipts (payments)	2,671,946		(52,167)	(52,167)
Interfund receipts				
Transfers (out)				
Cash Flows from Noncapital Financing Activities	<u>2,680,838</u>	<u>17,435</u>	<u>(52,167)</u>	<u>(52,167)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Cash transfer to fiscal agent	(1,995)			
Acquisition of capital assets	(7,409,092)	(3,321)	(1,492,233)	(1)
Proceeds from disposal of capital assets				
Principal payments on capital debt	(522,107)		(890,349)	
Interest paid	<u>(348,917)</u>		<u>(241,305)</u>	
Cash Flows from Capital and Related Financing Activities	<u>(8,282,111)</u>	<u>(3,321)</u>	<u>(2,623,887)</u>	<u>(1)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>35,086</u>	<u>29,577</u>	<u>294,949</u>	<u>60,075</u>
Cash Flows from Investing Activities	<u>35,086</u>	<u>29,577</u>	<u>294,949</u>	<u>60,075</u>
Net Cash Flows	(2,708,994)	(131,661)	3,593,123	120,744
Cash and investments at beginning of period, as restated (Note 1J and Note 11)	<u>2,708,994</u>	<u>1,912,946</u>	<u>22,395,287</u>	<u>4,016,391</u>
Cash and investments at end of period		<u>\$1,781,285</u>	<u>\$25,988,410</u>	<u>\$4,137,135</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating income (loss)	(\$20,468)	(\$18,053)	\$4,265,095	(\$1,428,397)
Litigation settlement and other	4,488	32,119	59,062	35,648
Adjustments to reconcile operating income to cash flows from operating activities:				
Depreciation	2,603,400	34	1,946,230	1,520,044
Other revenues				
Change in assets and liabilities:				
Receivables:				
General accounts	(399,573)	(42)	(14,130)	(38,918)
Grants				
Utility accounts	321,243	(149,471)	(500,699)	(64,664)
Loans				
Inventory				
Accounts payable	95,855	20,933	29,399	31,783
Prepays				
Leave benefits payable	16,114		22,703	
Refundable deposits				
Claims payable				
Deferred revenue	(193,618)	(98,309)	(236,954)	(23,677)
OPEB obligations	<u>429,752</u>	<u>37,437</u>	<u>403,522</u>	<u>81,018</u>
Cash Flows from Operating Activities	<u>\$2,857,193</u>	<u>(\$175,352)</u>	<u>\$5,974,228</u>	<u>\$112,837</u>

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
(\$1,980,803)	\$29,887,904	\$14,851,806
(11,290,241)	(31,632,132)	(8,144,533)
1,233	(2,487,938)	(1,504,479)
	(268,739)	(40,600)
(13,269,811)	(4,500,905)	5,162,194
11,692,016	11,718,343	
1,572,057	4,139,669	380,321
		(18,434)
13,264,073	15,858,012	361,887
	(1,995)	
	(8,904,647)	(923,346)
5,142	5,142	
	(1,412,456)	
	(590,222)	
5,142	(10,904,178)	(923,346)
596	420,283	200,915
596	420,283	200,915
	873,212	4,801,650
	31,033,618	7,530,052
	\$31,906,830	\$12,331,702
(\$11,750,737)	(\$8,952,560)	\$1,220,313
	131,317	
103,412	6,173,120	1,211,242
		264,723
440	(452,223)	(66,596)
(2,017,597)	(2,017,597)	
	(393,591)	
		(31,564)
391,492	569,462	2,606,443
		(129,679)
1,233	40,050	(214)
		8,240
		77,609
	(552,558)	1,677
1,946	953,675	
(\$13,269,811)	(\$4,500,905)	\$5,162,194

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FIDUCIARY FUNDS

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, 2010

	<u>Agency Funds</u>
ASSETS	
Cash and investments (Note 2)	\$7,227,795
Cash with fiscal agents (Note 2)	1,356,413
Accrued interest receivable	11,873
Accounts receivable	<u>330,500</u>
Total Assets	<u><u>\$8,926,581</u></u>
Accounts receivable	
LIABILITIES	
Accounts payable	\$265,725
Due to members	379,867
Due to bondholders	<u>8,280,989</u>
Total Liabilities	<u><u>\$8,926,581</u></u>

See accompanying notes to financial statements

CITY OF DAVIS
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Authority, 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.

CITY OF DAVIS
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the 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.

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, Mello Roos Community Facilities District, and the Woodland-Davis Clean Water Agency JPA. 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*.

CITY OF DAVIS
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 1st 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, 2010, and has deferred revenue recognition on one-half of the June 1, 2010, 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, 2010. 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.

CITY OF DAVIS
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2010, were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$2,689,486	\$375,807	\$3,065,293
Additions	2,744,922	459,124	3,204,046
Payments	<u>(2,799,251)</u>	<u>(419,074)</u>	<u>(3,218,325)</u>
Ending Balance	<u>\$2,635,157</u>	<u>\$415,857</u>	<u>\$3,051,014</u>
Current Portion	<u>\$116,619</u>	<u>\$415,857</u>	<u>\$532,476</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.

CITY OF DAVIS
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. *Change in Application on Accounting Principle*

During fiscal year 2009-10, the City transferred all assets, liabilities, revenues, and expenses associated with the Employee Benefits Fund, which was a sub-fund of the General Fund, from the General Fund to the newly created Employee Benefits Internal Service Fund. The change was made to accurately account for the fund's activities, which include the certain payroll costs for all governmental and enterprise funds. Currently, a substantial portion of this fund activity represents certain benefit costs allocated to non-General Fund activities. A levy is made to each fund in an amount necessary to cover the actual costs of each fund's share of the employee costs.

As a result of this transfer, the beginning balance of the General Fund was increased by \$2,763,391.

K. *New Fund*

In fiscal year 2009-10, the Woodland-Davis Clean Water Agency JPA Fund, an Agency Fund, was established to account for collections and expenditures of the Woodland Davis Clean Water Agency JPA for the joint construction, ownership, and operation of the Woodland-Davis Water Supply Project.

NOTE 2 - CASH AND INVESTMENTS

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.

CITY OF DAVIS
Notes to Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of City debt instruments or Agency agreements. Cash and investments as of June 30, 2010, are as follows:

City cash and investments in primary government:	
Cash and investments	\$99,181,163
Cash with fiscal agents	<u>923,645</u>
Total City cash and investments in primary government	<u>100,104,808</u>
Cash and investments in Fiduciary Funds (Separate Statement):	
Cash and investments	7,227,795
Cash with fiscal agents	<u>1,356,413</u>
Total Fiduciary Funds cash and investments	<u>8,584,208</u>
Total cash and investments	<u><u>\$108,689,016</u></u>

Cash and investments as of June 30, 2010, consist of the following:

Cash on hand	\$7,741
Cash with financial institutions	2,236,813
Investments	<u>106,444,462</u>
Total Cash and Investments	<u><u>\$108,689,016</u></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.

CITY OF DAVIS
Notes to Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

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	\$50 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	Total
U.S. Government Sponsored Obligations:			
Callable	\$24,082,252	\$4,059,375	\$28,141,627
California Asset Management Program	5,028,976		5,028,976
California Local Agency Investment Fund	70,994,466		70,994,466
<i>Held by Trustees:</i>			
Money Market Mutual Funds (U.S. Securities)	2,068,450		2,068,450
U.S. Treasury Bill	210,943		210,943
Total Investments	<u>\$102,385,087</u>	<u>\$4,059,375</u>	106,444,462
<i>Cash in Banks and on hand</i>			<u>2,244,554</u>
 Total City Cash and Investments			 <u><u>\$108,689,016</u></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, 2010, these investments have an average maturity of 203 days.

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Pool's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The City reports its investments in CAMP at the fair market value amounts provided by CAMP, which is the same as the value of the pool share. At June 30, 2010, the fair market value approximated is the City's cost. At June 30, 2010, these investments have an average maturity of 57 days.

Money market mutual funds are available for withdrawal on demand and at June 30, 2010, have an average maturity ranging from 42-51 days.

CITY OF DAVIS
Notes to Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

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, 2010, are as follows:

Investment Type	AAA	AAAm	Total
U.S. Government-Sponsored Enterprise Agencies			
Callable	\$28,141,627		\$28,141,627
California Asset Management Program		\$5,028,976	5,028,976
Held by Trustees:			
Money Market Mutual Funds (U.S. Securities)		926,710	926,710
Totals	<u>\$28,141,627</u>	<u>\$5,955,686</u>	\$34,097,313
<i>Not rated:</i>			
California Local Agency Investment Fund			70,994,466
Money Market Mutual Funds (U.S. Securities)			1,141,740
Cash in banks and on hand			2,244,554
<i>Exempt from credit rate disclosure:</i>			
U.S. Treasury Bills			<u>210,943</u>
Total Investments			<u>\$108,689,016</u>

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, 2010, those investments consisted of:

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-wide	Federal Home Loan Bank	US Government-Sponsored Enterprise Agencies	\$8,022,500
	Federal National Mortgage Association	US Government-Sponsored Enterprise Agencies	12,077,500
	Federal Home Loan Mortgage Corporation	US Government-Sponsored Enterprise Agencies	6,037,252

CITY OF DAVIS
Notes to Financial Statements

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, 2010, the following funds have balances due to the Development Deferred Improvement Fund to temporarily fund short-term cash flow needs.

Special Revenue Funds:	
Gas Tax	\$24,765
TDA Non-Transit Use	363,323
Park Maintenance Tax	42,175
Economic (ARRA) Stimulus	2,593
Building Permits and Fees	115,708
Capital Projects Fund:	
Capital Grants	83,402
Enterprise Funds:	
Water	2,671,946
Public Transit	1,725,847
	<hr/>
Total	<u>\$5,029,759</u>

In addition, the General Fund funded an interfund transfer of \$2,866,906 to eliminate negative cash balance of the newly disclosed Employee Benefit fund. Also see above at Note 1J.

B. Long-Term Advances

At June 30, 2010, the following funds had made advances which were not expected to be repaid within the next year.

<u>Fund Receiving Advance</u>	<u>Fund Making Advance</u>	<u>Amount of Advance</u>
Special Revenue Funds:		
Redevelopment Agency	General Services Internal Service Fund	\$689,891
Housing In-lieu	Redevelopment Agency Low Income Housing Fund	1,600,000
Enterprise Funds:		
Sewer	General Services Internal Service Fund	734,159
Storm Sewer		<hr/> 734,159
		<hr/> <u>\$3,758,209</u>

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.

CITY OF DAVIS
Notes to Financial Statements

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

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.

The Redevelopment Agency advanced \$1,600,000 to the City's Housing In-Lieu Fund in April 2010 to finance the bank loan payoff of the Pacifico Project as discussed in Note 4B. Future revenue generated from the Project will be used to repay the advance.

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, 2010, were as follows:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred	
General Fund	Non-Major Governmental Funds	\$1,247	(A)
Redevelopment Agency Low Income Housing Fund	Redevelopment Agency Fund	2,090,717	(B)
Non-Major Governmental Funds	Redevelopment Agency Fund	1,965,161	(C)
	Redevelopment Agency Low Income Housing Fund	580,265	(C)
	Non-Major Governmental Funds	334,686	(C), (D)
	Internal Service Funds	18,434	(D)
Total Interfund Transfers		<u>\$4,990,510</u>	

(A) To close Public Facility Debt Service Fund

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

(C) To fund debt service

(D) To reimburse prior year expenses paid

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	\$5,149,868
Davis Campus Cooperatives	2,589,957
Windmere II	1,173,654
Walnut Terrace	3,474,055
Tremont Green	2,722,379
Moore Village	3,811,415
Eleanor Roosevelt	2,969,868
Pence Gallery	24,608
Oakshade East	900,000
Other Commercial Rehabilitation, Housing Rehabilitation, and Affordable Housing	3,020,753
Community Housing Opportunities Corp	526,441
New Harmony Loan	969,404
Davis Musical Theater	48,250
Employee Computer Loans	100,772
	<hr/>
Total Loans Receivable	27,481,424
Mortgages Receivable	504,658
	<hr/>
Total Loans and Mortgages Receivable	<u><u>\$27,986,082</u></u>

A. Davis Mutual Housing Association

The Redevelopment Agency and 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, 2010, the Association has drawn down \$5,149,868.

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 known as the Pacifico Project. 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 but subordinate to a bank loan in the amount of \$2,075,000.

In fiscal year 2009-10, the bank which provided the loan accepted a discounted payoff from the City in exchange for which the bank would reconvey its first and second deeds or trust and subordinate its third deed of trust, if necessary. As a result, a third loan agreement in the amount of \$1,600,000 was entered between the City and the Cooperatives. Under this agreement, the loan is forgivable in fifteen years from its original date if the affordability restrictions remain on the project. The balance of the loans receivable arising from these three notes at June 30, 2010, was \$2,589,957.

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 began 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 began 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, 2010, was \$1,173,654.

CITY OF DAVIS
Notes to Financial Statements

NOTE 4 - LOANS AND MORTGAGES RECEIVABLE (Continued)

D. Walnut Terrace

The Redevelopment Agency of the City of Davis entered into an agreement with Walnut Terrace Limited Partnership (formerly called Yolo Mutual Housing Association) 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, 2010, was \$3,474,055.

E. 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, 2010, was \$2,722,379.

F. 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, 2010, was \$3,811,415.

CITY OF DAVIS
Notes to Financial Statements

NOTE 4 - LOANS AND MORTGAGES RECEIVABLE (Continued)

G. *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, 2010, was \$2,969,868.

H. *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, 2010, was \$24,608.

I. *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.

J. *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, 2010, was \$3,020,753.

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, 2010, was \$526,411.

CITY OF DAVIS
Notes to Financial Statements

NOTE 4 - LOANS AND MORTGAGES RECEIVABLE (Continued)

L. *New Harmony Loan*

The City entered into an agreement with New Harmony, L.P. to construct and operate a sixty-nine-unit residential rental property at the corner of Cowell Boulevard and Drummand Avenue for low-income and very-low-income housing. The note is secured by a Deed of Trust. The term of this note is fifty-five years bearing a simple interest rate of 3%. The outstanding balance of principal and unpaid accrued interest of this Loan shall be due and payable in full upon the maturity date. Funds used for this project were provided exclusively by grant funds from HOME funds. The total amount of funds available under this agreement is \$1,240,664. As of June 30, 2010, the loan amount outstanding is \$969,404.

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 was delinquent and, as of June 30, 2010, had a balance of \$48,250. The City is currently taking steps in renegotiating the loan terms with the company.

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. In June 2007 the City reduced the maximum computer loan to \$2,000 and added a bicycle loan program with the same parameters as the computer loan program. These loans bear no interest and are repaid by monthly deductions from the employee paychecks. As of June 30, 2010, the loans outstanding amounted to \$100,772.

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, 2010, was \$504,658.

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, 2010, is as follows:

	Balance at June 30, 2009	Additions and Transfers	Retirements and Transfers	Balance at June 30, 2010
<i>Governmental Activities</i>				
Capital assets not being depreciated:				
Land	\$65,500,319	\$932,477		\$66,432,796
Construction in Progress	31,499,210	3,558,763	(\$1,053,849)	34,004,124
Total capital assets not being depreciated	96,999,529	4,491,240	(1,053,849)	100,436,920
Capital assets being depreciated:				
Buildings	26,873,366	192,148		27,065,514
Improvements	4,491,672			4,491,672
Vehicles	9,928,290	847,647	(542,256)	10,233,681
Computer and Equipment	3,512,502	382,000	(4,350)	3,890,152
Infrastructure				
Streets	243,439,873			243,439,873
Parks and Greenbelts	52,838,849	963,619		53,802,468
Bike and Pedestrian Pathways	12,406,488			12,406,488
Total capital assets being depreciated	353,491,040	2,385,414	(546,606)	355,329,848
Less accumulated depreciation:				
Buildings	(12,424,448)	(673,312)		(13,097,760)
Improvements	(4,514,525)	(1,020,887)		(5,535,412)
Vehicles	(5,064,615)	(909,212)	517,206	(5,456,621)
Computer and Equipment	(1,924,209)	(322,378)	4,350	(2,242,237)
Infrastructure				
Streets	(105,625,949)	(8,357,753)		(113,983,702)
Parks and Greenbelts	(33,790,584)	(4,212,367)		(38,002,951)
Bike and Pedestrian Pathways	(9,271,037)	(3,099,406)		(12,370,443)
Total accumulated depreciation	(172,615,367)	(18,595,315)	521,556	(190,689,126)
Net capital assets being depreciated	180,875,673	(16,209,901)	(25,050)	164,640,722
Governmental Activities Capital Assets, Net	\$277,875,202	(\$11,718,661)	(\$1,078,899)	\$265,077,642

CITY OF DAVIS
Notes to Financial Statements

NOTE 5 - CAPITAL ASSETS (Continued)

	Balance at June 30, 2009	Additions and Transfers	Retirements and Transfers	Balance at June 30, 2010
<i>Business-type Activities</i>				
Capital assets, not being depreciated:				
Land	\$5,867,878			\$5,867,878
Construction in Progress		\$888,000		888,000
City's share of JPA				
Other	14,409,551	6,362,132	(\$387,028)	20,384,655
Total capital assets not being depreciated	20,277,429	7,250,132	(387,028)	27,140,533
Capital assets, being depreciated:				
Buildings and Improvements	4,387,205			4,387,205
Water Wells, Pumps and Related Assets	45,875,556	1,505,280		47,380,836
Water Distribution System	59,611,875			59,611,875
Sewer Treatment Plant	42,000,001	31,656	(13,099)	42,018,558
Sewer Pipes and Pipelines	36,025,264			36,025,264
Drainage Facilities	101,189,109			101,189,109
Equipment	26,117,077	499,465	(2,804)	26,613,738
Net capital assets being depreciated	315,206,087	2,036,401	(15,903)	317,226,585
Less accumulated depreciation for:				
Buildings and Improvements	(1,146,403)	(110,727)		(1,257,130)
Water Wells, Pumps and Related Assets	(12,173,731)	(980,419)		(13,154,150)
Water Distribution System	(17,876,208)	(1,020,086)		(18,896,294)
Sewer Treatment Plant	(23,899,722)	(812,422)	13,099	(24,699,045)
Sewer Pipes and Pipe Lines	(10,309,744)	(746,453)		(11,056,197)
Drainage Facilities	(22,437,135)	(1,517,642)		(23,954,777)
Equipment	(9,054,190)	(985,371)	2,804	(10,036,757)
Total accumulated depreciation	(96,897,133)	(6,173,120)	15,903	(103,054,350)
Net capital assets being depreciated	218,308,954	(4,136,719)		214,172,235
Business-type Activities Capital Assets, Net	\$238,586,383	\$3,113,413	(\$387,028)	\$241,312,768

City's share of JPA represents the City's contribution to the Woodland-Davis Clean Water Agency JPA. The JPA is a legal-separated, stand-alone Enterprise-Fund entity. Details of the JPA are disclosed in Note 14A.

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;">CITY OF DAVIS Notes to Financial Statements</p>

<p>NOTE 5 - CAPITAL ASSETS (Continued)</p>

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	\$372
City Manager	53,369
Finance	1,116
Community development	9,484
Parks and community services	4,531,306
Public safety - fire	223,702
Public safety - police	411,886
Public works	13,364,080

Total Governmental Activities	\$18,595,315
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Business-Type Activities

Water	\$2,603,400
Sanitation	34
Sewer	1,946,230
Storm sewer	1,520,044
Public transit	103,412

Total Business-Type Activities	\$6,173,120
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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, 2010 is as follows:

	Balance June 30, 2009	Additions	Retirements	Balance June 30, 2010	Current Portion
Governmental Activities Long-Term Debt:					
<i>Redevelopment Agency Bonds:</i>					
2003 Tax Allocation Refunding Bonds 2.00%-5.00%, due 09/01/34	\$8,630,000		\$155,000	\$8,475,000	\$160,000
2007 Tax Allocation Refunding Bonds 4.00%-4.25%, due 9/1/2030	11,520,000		335,000	11,185,000	350,000
2007 Taxable Housing Tax Allocation Bonds 5.50%, due 9/1/2037	8,215,000		120,000	8,095,000	125,000
<i>Certificates of Participation:</i>					
1995 Association of Bay Area Governments 5.00%-6.50%, due 03/01/16	1,155,000		135,000	1,020,000	145,000
<i>Capital Lease Obligation</i>					
Central Controller and Ancillary Equipment 4.77%, due 10/1/11	562,481		178,828	383,653	187,358
California Housing Finance Agency Note Payable 3%, due August 8, 2012	513,152	\$13,289		526,441	
Total Governmental Activities Long-Term Debt	<u>\$30,595,633</u>	<u>\$13,289</u>	<u>\$923,828</u>	<u>\$29,685,094</u>	<u>\$967,358</u>
Business-type Activities Long-Term Debt:					
State Revolving Fund Loan #1 2.7%, due 7/25/15	\$1,851,506		\$243,861	\$1,607,645	\$250,446
State Revolving Fund Loan #2 2.6%, due 5/1/19	6,533,630		520,762	6,012,868	534,302
Department of Water Resources Loan #1 2.5%, due 10/1/11	758,835		297,909	460,926	305,403
Department of Water Resources Loan #2 2.6%, due 9/30/22	3,892,696		224,198	3,668,498	230,065
Sewer System Capital Improvement Loan 5.5%, due 12/15/18	1,520,677		125,726	1,394,951	132,736
Total Business-type Activities Long-Term Debt	<u>\$14,557,344</u>		<u>\$1,412,456</u>	<u>\$13,144,888</u>	<u>\$1,452,952</u>

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, 2010:

For the Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2011	\$967,358	\$1,381,991	\$1,452,952	\$378,196
2012	1,537,736	1,337,527	1,336,970	336,615
2013	855,000	1,290,310	1,217,409	298,700
2014	885,000	1,250,155	1,253,169	262,942
2015	935,000	1,207,730	1,290,712	225,399
2016-2020	4,440,000	5,400,255	5,516,462	575,644
2021-2025	5,290,000	4,328,643	1,077,214	56,702
2026-2030	6,660,000	2,943,546		
2031-2035	6,525,000	1,200,127		
2036-2038	1,590,000	138,131		
Total	<u>\$29,685,094</u>	<u>\$20,478,415</u>	<u>\$13,144,888</u>	<u>\$2,134,198</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 payments, 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 \$31,870,739 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 2010, non-housing revenues amounted to \$8,314,515 which represented coverage of 613% over the \$1,355,509 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 \$16,093,692 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 2010, tax increment revenues amounted to \$2,090,717 which represented coverage of 362% over the \$577,790 in debt service.

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 non-cancellable 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 non-cancellable 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. The debt was paid off by June 30, 2010.

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, 2010, the note payable balance is \$526,441.

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.

Line of Credit - In July 2008, the City Council authorized the execution of 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. As of June 30, 2010, the City had not yet drawn down any funds associated with this line of credit.

CITY OF DAVIS
Notes to Financial Statements

NOTE 6 - LONG-TERM DEBT (Continued)

East Area Water Storage Tank Loan – In July 2009, City Council executed an enterprise fund installment sale agreement with the California Infrastructure and Economic Development Bank. The funds are to provide financing used for the East Area Water Storage Tank project. The maturity date for the loan is August 1, 2038, in the amount not to exceed \$10,000,000. The note bears an interest rate of 4% per annum. As of June 30, 2010, the City had not yet drawn down any funds associated with this installment sale agreement.

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, 2010, is as follows:

Description	Issue Year	Maturity Year	Outstanding June 30, 2010
University Research Park Improvement, \$2,265,000 original principal	1993	2018	\$1,250,000
Public Facilities Financing Authority, \$5,355,000 original principal	2004	2016	2,922,500
Community Facilities District No. 1991-2 \$14,115,000 original principal	2007	2026	13,215,000
Community Facilities District No. 2007-2 \$5,510,000 original principal	2008	2037	5,355,000
Public Facilities Financing Authority, \$9,570,000 original principal	2009	2030	9,570,000
Total			<u>\$32,312,500</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.

CITY OF DAVIS
Notes to Financial Statements

NOTE 8 - NET ASSETS AND FUND BALANCES (Continued)

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.

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, 2010, the TDA Non-Transit Use Special Revenue Fund had a negative fund balance of \$276,933. The Building Permits and Fees Special Revenue Fund had a negative fund balance of \$119,438. The Employee Benefits Internal Service Fund had a negative Net Assets of \$2,737,227. These deficits are expected to be repaid by future revenues and future contributions from other funds.

NOTE 9 – SUBSEQUENT EVENT

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 (DACHA). 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, 3106, 3192, 3198, 3159, and 3165 Albany Circle, 2301, 2303, 2305, 2307, 2509, and 2311 Glacier Place, 2019 Arena Drive, and 5524 Marden Street in the City of Davis.

In addition, \$2,980,252 of the loan proceeds were used to provide affordable housing opportunities to a total of twenty single family housing units.

In October 2009, a judgment was levied against DACHA's bank accounts for payment, leaving it without any funds to make payments on the Agency's loan. In November 2009 the Agency issued a Declaration of Default and Demand for Sale based on the loan's delinquency. The Agency also began collecting rents directly on DACHA's behalf, as a means of protecting the revenue source that was at risk of being levied by a junior lienholder.

CITY OF DAVIS
Notes to Financial Statements

NOTE 9 – SUBSEQUENT EVENT (Continued)

The Agency gave authorization on March 24, 2010 allowing the publication of a 20-day notice to sell. The sale of the property was then scheduled for April 2010, but got delayed with an automatic stay due to an involuntary bankruptcy that was filed against DACHA by another creditor. Eventually the bankruptcy petition was deemed invalid due to DACHA's status as a non-profit organization and the twenty DACHA units acting as collateral for the Agency's loan went to foreclosure sale on July 1, 2010. At the foreclosure sale, the Agency took ownership of the twenty units formerly held by DACHA in exchange for the forgiveness of the loan discussed above.

While the foreclosure sale did not occur prior to the June 30, 2010, fiscal year end, generally accepted accounting principles require the reclassification of assets from loans receivable to properties held for resale as of June 30, 2010, due to the subsequent forgiveness of the loan and the properties acquisition. As a result, \$3,915,830 was reclassified from loans receivable to properties held for resale at June 30, 2010.

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, 2010, 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	22.755%	12.542%

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.

CITY OF DAVIS
Notes to Financial Statements

NOTE 10 – PENSION PLANS (Continued)

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.

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:

Safety Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2006	\$65,026,332	\$55,264,336	\$9,761,996	85.0%	\$7,558,614	129.2%
2007	71,668,977	60,173,065	11,495,912	84.0%	8,455,249	136.0%
2008	78,301,344	65,187,313	13,114,031	83.3%	9,509,136	137.9%

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
2006	\$92,087,083	\$80,517,110	\$11,569,973	87.4%	\$19,171,182	60.4%
2007	105,221,089	90,238,909	14,982,180	85.8%	20,567,718	72.8%
2008	117,222,266	98,822,723	18,399,543	84.3%	21,692,919	84.8%

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 2010, 2009 and 2008 were \$7,396,425, \$7,629,285, and \$7,271,532, 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.

CITY OF DAVIS
Notes to Financial Statements

NOTE 11 – POST EMPLOYMENT BENEFITS

By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retired employees under third-party insurance plans. A summary of eligibility and benefits offered are shown below:

■ Eligibility	<ul style="list-style-type: none"> • CalPERS service or disability from the City • CalPERS service retirement: age 50 & 5 years Service • Continue participation in PEMHCA 	
■ Benefit	<ul style="list-style-type: none"> • PEMHCA vesting schedule effective 2011: Years of Service: Less than 10 years -- 0% 10 years or more -- 50% to 100% • Based on all CalPERS service • Minimum 5 years City service • PEMHCA Minimum if < 10 YOS • 100% vested if disability retirement • Deferred vested benefit if 20 years with City • Vesting applies to Kaiser Bay Area rates (single/2 party/family) • State 100/90 formula minimum applies 	<ul style="list-style-type: none"> • Non-fire employees retiring before January 1, 2015 receive greater of vesting benefit above and the following benefit: • Hired before 7/1/96 City pays full medical premium Capped at Bay Area Kaiser family rate • Hired on or after 7/1/96 Age < 60: City Pays 50% medical premium Capped at 50% Bay Area family rate Age ≥ 60: City pays full medical premium Capped at Bay Area Kaiser family rate • Retirees before vesting schedule effective date receive the same benefits as hired before 7/1/96 above
■ Surviving Spouse Continuation	<ul style="list-style-type: none"> • Retirement plan election • Same benefit continues to surviving spouse 	
■ Dental	<ul style="list-style-type: none"> • Retiree participates in City's dental plan at own expense • Retiree pays the same premium rate as actives 	
■ Vision & Life	<ul style="list-style-type: none"> • None 	
■ Pay as you go Cost		
	Fiscal Year	Amounts
	2009/10	\$1,713,856
	2008/09	1,593,437
	2007/08	1,402,536
	2006/07	1,207,518

As of June 30, 2010, approximately 223 participants were eligible to receive benefits.

CITY OF DAVIS
Notes to Financial Statements

NOTE 11 – POST EMPLOYMENT BENEFITS (Continued)

Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2008, 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) 4.60% investment rate of return, (b) 3.25% projected annual salary increase, (c) 3.00% of general inflation increase, and (d) a healthcare trend showing actual premiums paid for 2010 to 4.50% for years starting 2017. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The City's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a thirty-year amortization period.

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

Funding Progress and Funded Status

During the fiscal year ended June 30, 2010, the City made contributions toward the ARC amounting to \$3,213,856 to the plan which represented 10.6% of the \$30,222,545 covered payroll. As a result, the City has recorded the Net OPEB, representing the difference between the ARC, the amortization of the Net OPEB Asset and actual contributions, as presented below:

Annual required contribution (ARC)	\$7,675,991
Interest on NOO	248,000
Amortization of NOO	<u>(239,000)</u>
Annual pension cost	7,684,991
Contributions:	
Benefit Payments	(1,713,856)
Trust Pre-Funding	<u>(1,500,000)</u>
(Decrease) increase in net OPEB obligations	<u>4,471,135</u>
Net OPEB obligation at June 30, 2009	<u>5,840,409</u>
Net OPEB obligation at June 30, 2010	<u><u>10,311,544</u></u>
Percentage of ARC Contributed	<u><u>41.87%</u></u>

CITY OF DAVIS
Notes to Financial Statements

NOTE 11 – POST EMPLOYMENT BENEFITS (Continued)

The Plan's annual OPEB cost and actual contributions for fiscal years ended June 30, 2009 and 2010 are set forth below:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Liability</u>
6/30/2009	\$7,433,846	\$1,593,437	21.43%	\$5,840,409
6/30/2010	7,675,991	3,213,856	41.87%	10,311,544

The schedule of funding progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the January 1, 2008, actuarial study is presented below:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Entry Age Actuarial Accrued Liability (B)</u>	<u>Overfunded (Underfunded) Actuarial Accrued Liability (A – B)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]</u>
6/30/2007	\$0	\$65,531,000	(\$65,531,000)	0.00%	\$31,904,917	(205%)
6/30/2008	0	53,505,000	(53,505,000)	0.00%	30,222,545	(177%)

When GASB 45 was implemented in fiscal year 2008-09, the net OPEB liability was recorded in the City Self-Insurance Internal Service Fund. This resulted in the entire liability being reported as a liability of the governmental-type activities in the Statement of Net Assets rather than being split between the governmental-type and business-type activities. While this treatment is allowed by GAAP, there are now two major multi-million Enterprise Fund capital projects currently under consideration. These projects will have significant impacts on rates and in order to have the OPEB liability reflected in the new rates, the application of the accounting principle was changed to report a portion of the net OPEB liability as a liability in the individual Enterprise Funds, as required by GASB 45.

Accordingly, the beginning fund balance of the City Self-Insurance Internal Service Fund has been revised to reflect this change in reporting and the beginning net assets of the governmental-type activities has been revised to reflect only the portion of the OPEB liability attributable to governmental funds.

NOTE 12 – 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.

CITY OF DAVIS
Notes to Financial Statements

NOTE 13 - 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, 2010, the City contributed \$1,170,310 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.

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	\$1,000	\$40,000,000
Workers' Compensation	1,000	5,000,000 per occurrence
Property	1,000	714,356,856
Fidelity Coverage	1,000	2,000,000
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, 2010, 2009, and 2008 the amount of settlement did not exceed insurance coverage.

CITY OF DAVIS
Notes to Financial Statements

NOTE 13 - RISK MANAGEMENT (Continued)

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:

	2010	2009
Beginning balance	\$62,848	\$47,960
Liability for current fiscal year claims	80,000	155,000
Decrease in estimated liability for prior year claims	(38,732)	(104,547)
Payments made on current year claims	(8,401)	(20,565)
Payments made on prior year claims	(2,153)	(15,000)
Ending balance	<u>\$93,562</u>	<u>\$62,848</u>
Current Portion	<u>\$93,562</u>	<u>\$62,848</u>

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:

	2010	2009
Beginning balance	\$18,482	\$17,032
Liability for current fiscal year claims	90,000	92,000
Decrease in estimated liability for prior year claims	(50,210)	(49,379)
Payments made on current year claims	(29,513)	(35,508)
Payments made on prior year claims	(9,404)	(5,663)
Ending balance	<u>\$19,355</u>	<u>\$18,482</u>
Current Portion	<u>\$19,355</u>	<u>\$18,482</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:

	2010	2009
Beginning balance	\$307,858	\$412,393
Liability for current fiscal year claims and		
Increase in estimated liability for prior year claims	132,021	(32,503)
Payments made on claims	(85,999)	(72,032)
Ending balance	<u>\$353,880</u>	<u>\$307,858</u>
Current Portion	<u>\$85,999</u>	<u>\$72,032</u>

CITY OF DAVIS
Notes to Financial Statements

NOTE 14 - 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.

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.

A. *Jointly Governed Organization*

Woodland-Davis Clean Water Agency, a separate legal entity, was formed in 2009 between the City of Davis and City of Woodland for the joint construction and ownership of the Woodland-Davis Water Supply Capital Improvement Project. The project is still in the planning/permitting phase/preliminary design phase and is expected to be completed in 2016. The Agency will operate the facilities after construction. The City's contribution to the Agency was \$888,000 for the year ended June 30, 2010. Financial statements of the Agency may be obtained by mailing a request to the City of Davis, 23 Russell Blvd, Davis, CA 95616.

NOTE 15 – PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA AND SECURITIZATION

Under the provisions of Proposition 1A and as part of the fiscal year 2009-10 budget package passed by the California State legislature on July 28, 2009, the State of California borrowed 8% of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fees, triple flip in lieu sales taxes, and supplemental property taxes, apportioned to the City. The State is required to repay the \$1,297,477 it borrowed from the City, plus interest, by June 30, 2013.

Authorized with the 2009-10 State budget package was the Proposition 1A Securitization Program (Program), administered by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities. Under the Program, the participating cities receive cash equal to their share of State borrowings and forgo interest they otherwise would have received from the State on the unpaid borrowings. The City is a participant in the Program.

CITY OF DAVIS
Notes to Financial Statements

NOTE 15 – PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA AND SECURITIZATION (Continued)

California Communities simultaneously purchased the Proposition 1A receivables from the City and other participants, and issued bonds to provide participants with proceeds to be remitted in two equal installments due on January 15, 2010 and May 3, 2010. All costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. As of June 30, 2010, the City received both installments due under the Program and recorded them as property taxes in the same manner as if the State had not exercised its rights under Proposition 1A. Since sales proceeds to the City equal the book value of State borrowings no gain or loss was incurred.

NOTE 16 – TAX INCREMENT SHIFT TO SUPPLEMENTAL EDUCATIONAL REVENUE AUGMENTATION FUND (SERAF)

The State of California adopted AB26 4X in July 2009 which directs that a portion of the incremental property taxes received by redevelopment agencies, based on the property taxes received in fiscal year 2006-07, be paid instead to the County supplemental educational revenue augmentation fund (SERAF) in fiscal years 2009-10 and 2010-11. The State Department of Finance determines each agency's SERAF payment by November 15 of each year, and payments are due by May 10 of the applicable year. The Redevelopment Agency of the City of Davis made its first SERAF payment of \$3,202,971 in fiscal year 2009-10.

Based on the calculations in AB26 4X, the Agency's SERAF payment is estimated to be \$658,807 in fiscal year 2010-11. The Agency can use any legally available funds to make the SERAF payments. The obligation to make the SERAF payment is subordinate to obligations to repay bonds. However, if the Agency fails to make the full SERAF payment, the Agency may not encumber or expend funds other than to pay pre-existing indebtedness, contractual obligations and 75% of the amount expended on Agency administration for the preceding fiscal year until the SERAF is paid in full.

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

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, 2010

	Budgeted Amounts			Variance
	Original	Final	Actual	Positive (Negative)
REVENUES				
Use of money and property	\$1,087,166	\$1,087,166	\$216,546	(\$870,620)
Development fees	735,000	735,000	387,114	(347,886)
Other		600,000	600,000	
Total Revenues	<u>1,822,166</u>	<u>2,422,166</u>	<u>1,203,660</u>	<u>(1,218,506)</u>
EXPENDITURES				
Current:				
City manager		20,100		20,100
Finance	117,588	117,588	130,100	(12,512)
Parks and community services	5,409	5,409	337	5,072
Special projects	65,764	69,064	58,984	10,080
Capital improvements	<u>837,876</u>	<u>1,532,055</u>	<u>1,105,671</u>	<u>426,384</u>
Total Expenditures	<u>1,026,637</u>	<u>1,744,216</u>	<u>1,295,092</u>	<u>449,124</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$795,529</u>	<u>\$677,950</u>	(91,432)	<u>(\$769,382)</u>
BEGINNING FUND BALANCE			<u>25,207,269</u>	
ENDING FUND BALANCE			<u>\$25,115,837</u>	

NON-MAJOR GOVERNMENTAL FUNDS

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.

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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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.

PARKING

This fund accounts for revenues and expenditures related to maintenance and operation of a paid parking lot.

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.

ECONOMIC (ARRA) STIMULUS

This fund accounts for the receipt and expenditure of federal economic stimulus grants.

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.

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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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

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.

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, 2010

	SPECIAL REVENUE FUNDS					
	Gas Tax	TDA Non-Transit Use	Open Space	Park Maintenance Tax	Cable TV	Public Safety
ASSETS						
Cash and investments			\$3,863,646		\$1,181,381	\$96,746
Cash with fiscal agents						
Accrued interest			7,166		2,352	405
Receivables:						
General accounts			32,868	\$68,101	169,947	106,797
Grants	\$102,742	\$99,639				
Utility accounts						218,906
Loans						
Mortgages						
Total Assets	\$102,742	\$99,639	\$3,903,680	\$68,101	\$1,353,680	\$422,854
LIABILITIES						
Accounts payable	\$37,128	\$13,249	\$8,459		\$6,794	\$14
Deposits			13,325			
Deferred revenue						187,212
Due to other funds	24,765	363,323		\$42,175		
Total Liabilities	61,893	376,572	21,784	42,175	6,794	187,226
FUND EQUITY						
Fund balances:						
Reserved for						
Debt service						
Encumbrances	15,563	2,359	10,268		56,870	3,193
Long-term loan receivable						
Unreserved, undesignated	25,286	(279,292)	3,871,628	25,926	1,290,016	232,435
Total Fund Balances	40,849	(276,933)	3,881,896	25,926	1,346,886	235,628
Total Liabilities and Fund Balances	\$102,742	\$99,639	\$3,903,680	\$68,101	\$1,353,680	\$422,854

SPECIAL REVENUE FUNDS

Municipal Arts	Construction Tax	Subdivision In-Lieu Park Fees	In-Lieu of Parking Payments	Parking Fund	Federal/State Highway Grant
\$196,075	\$843,758	\$343,453	\$402,916	\$58,946	\$1,118,634
430	304	780	813	81	2,798
				4,741	407,893
<u>\$196,505</u>	<u>\$844,062</u>	<u>\$344,233</u>	<u>\$403,729</u>	<u>\$63,768</u>	<u>\$1,529,325</u>
	\$2,603	\$84			\$6,039
					189,482
	<u>2,603</u>	<u>84</u>			<u>195,521</u>
	163,633				732,883
<u>\$196,505</u>	<u>677,826</u>	<u>344,149</u>	<u>\$403,729</u>	<u>\$63,768</u>	<u>600,921</u>
<u>196,505</u>	<u>841,459</u>	<u>344,149</u>	<u>403,729</u>	<u>63,768</u>	<u>1,333,804</u>
<u>\$196,505</u>	<u>\$844,062</u>	<u>\$344,233</u>	<u>\$403,729</u>	<u>\$63,768</u>	<u>\$1,529,325</u>

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	Community Development Block Grant	Operational Grants	Economic (ARRA) Stimulus	Agriculture Land Acquisition	Building Permits and Fees	Davisville Book Fund
ASSETS						
Cash and investments	\$96,854	\$1,229,159		\$433,022		\$23,705
Cash with fiscal agents						
Accrued interest	106	2,472		1,019		48
Receivables:						
General accounts					\$47,275	
Grants	114,302	198,804	\$48,152			
Utility accounts						
Loans	1,793,072	5,572,367				
Mortgages		211,874				
Total Assets	<u>\$2,004,334</u>	<u>\$7,214,676</u>	<u>\$48,152</u>	<u>\$434,041</u>	<u>\$47,275</u>	<u>\$23,753</u>
LIABILITIES						
Accounts payable	\$22,554	\$11,136	\$10,546	\$7,993	\$51,005	\$7
Deposits						
Deferred revenue			24,101			
Due to other funds			2,593		115,708	
Total Liabilities	<u>22,554</u>	<u>11,136</u>	<u>37,240</u>	<u>7,993</u>	<u>166,713</u>	<u>7</u>
FUNDEQUITY						
Fund balances:						
Reserved for						
Debt service						
Encumbrances	294,629	271,260	528,489			
Long-term loan receivable	1,793,072	5,784,241				
Unreserved, undesignated	<u>(105,921)</u>	<u>1,148,039</u>	<u>(517,577)</u>	<u>426,048</u>	<u>(119,438)</u>	<u>23,746</u>
Total Fund Balances	<u>1,981,780</u>	<u>7,203,540</u>	<u>10,912</u>	<u>426,048</u>	<u>(119,438)</u>	<u>23,746</u>
Total Liabilities and Fund Balances	<u>\$2,004,334</u>	<u>\$7,214,676</u>	<u>\$48,152</u>	<u>\$434,041</u>	<u>\$47,275</u>	<u>\$23,753</u>

SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS		
Historical Fund	Brinley/Hattie Weber	Association of Bay Area Governments Certificates of Participation	Public Facility	Redevelopment Agency	Davis Research Park	Arlington Boulevard Benefit Area	Capital Grants
\$6,533	\$2,393	\$168,520			\$779,836	\$372,889	
13	5	211,609			1,574	753	
		329					\$474,256
<u>\$6,546</u>	<u>\$2,398</u>	<u>\$380,458</u>			<u>\$781,410</u>	<u>\$373,642</u>	<u>\$474,256</u>
							\$83,402
							83,402
		\$380,458					
<u>\$6,546</u>	<u>\$2,398</u>				<u>\$781,410</u>	<u>\$373,642</u>	<u>390,854</u>
<u>6,546</u>	<u>2,398</u>	<u>380,458</u>			<u>781,410</u>	<u>373,642</u>	<u>390,854</u>
<u>\$6,546</u>	<u>\$2,398</u>	<u>\$380,458</u>			<u>\$781,410</u>	<u>\$373,642</u>	<u>\$474,256</u>
(Continued)							

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2010

	CAPITAL PROJECTS FUNDS				
	Davis Land Acquisition	Public Facilities Financing Authority	Redevelopment Agency	Oxford Circle Park and Parking Lot	Total Nonmajor Governmental Funds
ASSETS					
Cash and investments	\$1,542,205	\$215,766	\$95,367	\$48,969	\$13,120,773
Cash with fiscal agents					211,609
Accrued interest	3,113	435		99	25,095
Receivables:					
General accounts					429,729
Grants					1,445,788
Utility accounts					218,906
Loans					7,365,439
Mortgages					211,874
Total Assets	<u>\$1,545,318</u>	<u>\$216,201</u>	<u>\$95,367</u>	<u>\$49,068</u>	<u>\$23,029,213</u>
LIABILITIES					
Accounts payable			\$4,756		\$182,367
Deposits					13,325
Deferred revenue					400,795
Due to other funds					631,966
Total Liabilities			<u>4,756</u>		<u>1,228,453</u>
FUND EQUITY					
Fund balances:					
Reserved for					
Debt service					380,458
Encumbrances			278,383		2,357,530
Long-term loan receivable					7,577,313
Unreserved, undesignated	<u>\$1,545,318</u>	<u>\$216,201</u>	<u>(187,772)</u>	<u>\$49,068</u>	<u>11,485,459</u>
Total Fund Balances	<u>1,545,318</u>	<u>216,201</u>	<u>90,611</u>	<u>49,068</u>	<u>21,800,760</u>
Total Liabilities and Fund Balances	<u>\$1,545,318</u>	<u>\$216,201</u>	<u>\$95,367</u>	<u>\$49,068</u>	<u>\$23,029,213</u>

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CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

SPECIAL REVENUE FUNDS

	Gas Tax	TDA Non-Transit Use	Open Space	Park Maintenance Tax	Cable TV	Public Safety
REVENUES						
Taxes			\$641,221	\$1,344,782	\$508,814	\$351,370
Use of money and property	\$3	\$411	33,395	25	11,182	1,551
Intergovernmental	1,102,472	99,639			136,151	102,426
Charges for current services						2,016,792
Development fees						
Other					75,240	
Total Revenues	1,102,475	100,050	674,616	1,344,807	731,387	2,472,139
EXPENDITURES						
Current:						
City Manager						
Finance						54,478
Community development						
Parks and community services			237,212	1,345,710	562,356	
Public safety - fire						1,188,437
Public safety - police						1,273,269
Public works	1,072,551	525,253				
Special projects						
Capital improvements						
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	1,072,551	525,253	237,212	1,345,710	562,356	2,516,184
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,924	(425,203)	437,404	(903)	169,031	(44,045)
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	29,924	(425,203)	437,404	(903)	169,031	(44,045)
BEGINNING FUND BALANCES	10,925	148,270	3,444,492	26,829	1,177,855	279,673
ENDING FUND BALANCES	\$40,849	(\$276,933)	\$3,881,896	\$25,926	\$1,346,886	\$235,628

Municipal Arts	Construction Tax	Subdivision In-Lieu Park Fees	In-Lieu of Parking Payments	Parking Fund	Federal/State Highway Grants	Community Development Block Grant
	\$207,535					
\$1,856	17,571	\$2,929	\$3,590	\$36,528	\$14,544	\$1,031
					617,428	656,923
1,254		184,165				
	900,000					
3,110	1,125,106	187,094	3,590	36,528	631,972	657,954
	119,755					
37,915	122,100					
	46,750	20,730			1,895,837	
	191,799				421,066	645,317
						20,009
37,915	480,404	20,730			2,316,903	665,326
(34,805)	644,702	166,364	3,590	36,528	(1,684,931)	(7,372)
	(64,345)	(150,141)			(120,200)	
	(64,345)	(150,141)			(120,200)	
(34,805)	580,357	16,223	3,590	36,528	(1,805,131)	(7,372)
231,310	261,102	327,926	400,139	27,240	3,138,935	1,989,152
\$196,505	\$841,459	\$344,149	\$403,729	\$63,768	\$1,333,804	\$1,981,780

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

	SPECIAL REVENUE FUNDS					
	Operational Grants	Economic (ARRA) Stimulus	Agriculture Land Acquisition	Building Permits and Fees	Davisville Book Fund	Historical Fund
REVENUES						
Taxes						
Use of money and property	\$15,611		\$4,592		\$212	\$58
Intergovernmental	582,833	\$1,153,209				
Charges for current services				\$1,315,934	11	
Development fees						
Other						
Total Revenues	598,444	1,153,209	4,592	1,315,934	223	58
EXPENDITURES						
Current:						
City Manager						
Finance						
Community development				1,370,698		
Parks and community services		54,100	6,157			
Public safety - fire		326,970				
Public safety - police		732,229				
Public works						
Special projects	459,911					
Capital improvements		167,632	132,428			
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	459,911	1,280,931	138,585	1,370,698		
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	138,533	(127,722)	(133,993)	(54,764)	223	58
OTHER FINANCING SOURCES (USES)						
Transfers in		138,634				
Transfers (out)						
Total Other Financing Sources (Uses)		138,634				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	138,533	10,912	(133,993)	(54,764)	223	58
BEGINNING FUND BALANCES	7,065,007		560,041	(64,674)	23,523	6,488
ENDING FUND BALANCES	\$7,203,540	\$10,912	\$426,048	(\$119,438)	\$23,746	\$6,546

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	Davis Land Acquisition
(\$13)	\$1,584	\$15		\$6,977	\$3,336	\$135,818	\$13,797
(13)	1,584	15		6,977	3,336	135,818	13,797
						187,381	
	135,000		\$610,000				
	79,486		1,336,037				
	214,486		1,946,037			187,381	
(13)	(212,902)	15	(1,946,037)	6,977	3,336	(51,563)	13,797
	214,486		1,946,037				
		(1,247)					
	214,486	(1,247)	1,946,037				
(13)	1,584	(1,232)		6,977	3,336	(51,563)	13,797
2,411	378,874	1,232		774,433	370,306	442,417	1,531,521
\$2,398	\$380,458			\$781,410	\$373,642	\$390,854	\$1,545,318

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2010

	CAPITAL PROJECTS FUNDS			
	Public Facilities Financing Authority	Redevelopment Agency	Oxford Circle Park and Parking Lot	Total Nonmajor Governmental Funds
REVENUES				
Taxes				\$3,053,722
Use of money and property	\$1,930		\$438	155,582
Intergovernmental				4,604,470
Charges for current services				3,332,737
Development fees				185,419
Other		\$301,040		1,276,280
Total Revenues	1,930	301,040	438	12,608,210
EXPENDITURES				
Current:				
City Manager				
Finance				54,478
Community development				1,490,453
Parks and community services				2,365,550
Public safety - fire				1,515,407
Public safety - police				2,005,498
Public works				3,561,121
Special projects				1,105,228
Capital improvements		1,110,249		2,230,564
Debt service:				
Principal				745,000
Interest and fiscal charges				1,415,523
Total Expenditures		1,110,249		16,488,822
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,930	(809,209)	438	(3,880,612)
OTHER FINANCING SOURCES (USES)				
Transfers in		599,389		2,898,546
Transfers (out)				(335,933)
Total Other Financing Sources (Uses)		599,389		2,562,613
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1,930	(209,820)	438	(1,317,999)
BEGINNING FUND BALANCES	214,271	300,431	48,630	23,118,759
ENDING FUND BALANCES	\$216,201	\$90,611	\$49,068	\$21,800,760

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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, 2010

	GAS TAX			TDA NON-TRANSIT USE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$28,359	\$3	(\$28,356)	\$12,692	\$411	(\$12,281)
Intergovernmental	1,067,400	1,102,472	35,072	582,894	99,639	(483,255)
Charges for current services						
Development fees						
Other				400		(400)
Total Revenues	<u>1,095,759</u>	<u>1,102,475</u>	<u>6,716</u>	<u>595,986</u>	<u>100,050</u>	<u>(495,936)</u>
EXPENDITURES						
Current:						
City Manager						
Finance						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works	1,298,761	1,072,551	226,210	642,813	525,253	117,560
Special projects						
Capital improvements						
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>1,298,761</u>	<u>1,072,551</u>	<u>226,210</u>	<u>642,813</u>	<u>525,253</u>	<u>117,560</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(203,002)</u>	<u>29,924</u>	<u>232,926</u>	<u>(46,827)</u>	<u>(425,203)</u>	<u>(378,376)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in				107,096		(107,096)
Transfers (out)						
Total Other Financing Sources (Uses)				<u>107,096</u>		<u>(107,096)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$203,002)</u>	<u>29,924</u>	<u>\$232,926</u>	<u>\$60,269</u>	<u>(425,203)</u>	<u>(\$485,472)</u>
BEGINNING FUND BALANCE		<u>10,925</u>			<u>148,270</u>	
ENDING FUND BALANCE		<u>\$40,849</u>			<u>(\$276,933)</u>	

OPEN SPACE			PARK MAINTENANCE TAX			CABLE TV		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$640,000	\$641,221	\$1,221	\$1,343,000	\$1,344,782	\$1,782	\$470,000	\$508,814	\$38,814
121,951	33,395	(88,556)	3	25	22	55,457	11,182	(44,275)
						130,000	136,151	6,151
						85,073	75,240	(9,833)
761,951	674,616	(87,335)	1,343,003	1,344,807	1,804	740,530	731,387	(9,143)
247,713	237,212	10,501	1,353,764	1,345,710	8,054	679,056	562,356	116,700
247,713	237,212	10,501	1,353,764	1,345,710	8,054	679,056	562,356	116,700
514,238	437,404	(76,834)	(10,761)	(903)	9,858	61,474	169,031	107,557
\$514,238	437,404	(\$76,834)	(\$10,761)	(903)	\$9,858	\$61,474	169,031	\$107,557
	3,444,492			26,829			1,177,855	
	\$3,881,896			\$25,926			\$1,346,886	

(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, 2010

	PUBLIC SAFETY			MUNICIPAL ARTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$334,900	\$351,370	\$16,470			
Use of money and property	9,231	1,551	(7,680)	\$10,243	\$1,856	(\$8,387)
Intergovernmental	90,000	102,426	12,426			
Charges for current services	2,017,300	2,016,792	(508)			
Development fees				15,400	1,254	(14,146)
Other						
Total Revenues	2,451,431	2,472,139	20,708	25,643	3,110	(22,533)
EXPENDITURES						
Current:						
City Manager						
Finance	60,174	54,478	5,696			
Community development						
Parks and community services				51,040	37,915	13,125
Public safety - fire	1,188,579	1,188,437	142			
Public safety - police	1,278,386	1,273,269	5,117			
Public works						
Special projects						
Capital improvements						
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	2,527,139	2,516,184	10,955	51,040	37,915	13,125
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(75,708)	(44,045)	31,663	(25,397)	(34,805)	(9,408)
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	(\$75,708)	(44,045)	\$31,663	(\$25,397)	(34,805)	(\$9,408)
BEGINNING FUND BALANCE		279,673			231,310	
ENDING FUND BALANCE		\$235,628			\$196,505	

CONSTRUCTION TAX			SUBDIVISION IN-LIEU PARK FEES			IN-LIEU OF PARKING PAYMENTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$500,837	\$207,535	(\$293,302)						
58,555		(58,555)	\$22,290	\$2,929	(\$19,361)	\$17,671	\$3,590	(\$14,081)
17,571	17,571							
				184,165	184,165	30,000		(30,000)
900,000	900,000							
1,476,963	1,125,106	(351,857)	22,290	187,094	164,804	47,671	3,590	(44,081)
140,222	119,755	20,467						
122,100	122,100							
432,392	46,750	385,642	25,000	20,730	4,270			
217,790	191,799	25,991						
912,504	480,404	432,100	25,000	20,730	4,270			
564,459	644,702	80,243	(2,710)	166,364	169,074	47,671	3,590	(44,081)
(64,345)	(64,345)		(150,140)	(150,141)	(1)			
(64,345)	(64,345)		(150,140)	(150,141)	(1)			
\$500,114	580,357	\$80,243	(\$152,850)	16,223	\$169,073	\$47,671	3,590	(\$44,081)
	261,102			327,926			400,139	
	\$841,459			\$344,149			\$403,729	

(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, 2010

	PARKING			FEDERAL/STATE HIGHWAY GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$30,000	\$36,528	\$6,528	\$13,472	\$14,544	\$1,072
Intergovernmental				857,231	617,428	(239,803)
Charges for current services						
Development fees						
Other						
Total Revenues	<u>30,000</u>	<u>36,528</u>	<u>6,528</u>	<u>870,703</u>	<u>631,972</u>	<u>(238,731)</u>
EXPENDITURES						
Current:						
City Manager	\$47,944		47,944			
Finance						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works				2,589,689	1,895,837	693,852
Special projects						
Capital improvements				540,335	421,066	119,269
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>47,944</u>		<u>47,944</u>	<u>3,130,024</u>	<u>2,316,903</u>	<u>813,121</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(17,944)</u>	<u>36,528</u>	<u>54,472</u>	<u>(2,259,321)</u>	<u>(1,684,931)</u>	<u>574,390</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers (out)				(120,200)	(120,200)	
Total Other Financing Sources (Uses)				<u>(120,200)</u>	<u>(120,200)</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$17,944)</u>	<u>36,528</u>	<u>\$54,472</u>	<u>(\$2,379,521)</u>	<u>(1,805,131)</u>	<u>\$574,390</u>
BEGINNING FUND BALANCE		<u>27,240</u>			<u>3,138,935</u>	
ENDING FUND BALANCE		<u>\$63,768</u>			<u>\$1,333,804</u>	

COMMUNITY DEVELOPMENT BLOCK GRANT			OPERATIONAL GRANTS			ECONOMIC (ARRA) STIMULUS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,631	\$1,031	(\$600)	\$58,740	\$15,611	(\$43,129)			
1,343,673	656,923	(686,750)	938,067	582,833	(355,234)	\$1,820,310	\$1,153,209	(\$667,101)
1,345,304	657,954	(687,350)	996,807	598,444	(398,363)	1,820,310	1,153,209	(667,101)
	20,009	(20,009)				69,968	54,100	15,868
						327,230	326,970	260
989,104	645,317	343,787	1,059,807	459,911	599,896	732,229	732,229	
						680,255	167,632	512,623
989,104	665,326	323,778	1,059,807	459,911	599,896	1,809,682	1,280,931	528,751
356,200	(7,372)	(363,572)	(63,000)	138,533	201,533	10,628	(127,722)	(138,350)
			138,634		(138,634)	138,634	138,634	
			138,634		(138,634)	138,634	138,634	
\$356,200	(7,372)	(\$363,572)	\$75,634	138,533	\$62,899	\$149,262	10,912	(\$138,350)
	1,989,152			7,065,007				
	\$1,981,780			\$7,203,540			\$10,912	

(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, 2010

	AGRICULTURE LAND ACQUISITION			BUILDING PERMITS AND FEES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$42,272	\$4,592	(\$37,680)	\$11,408		(\$11,408)
Intergovernmental						
Charges for current services				1,306,289	\$1,315,934	9,645
Development fees						
Other						
Total Revenues	<u>42,272</u>	<u>4,592</u>	<u>(37,680)</u>	<u>1,317,697</u>	<u>1,315,934</u>	<u>(1,763)</u>
EXPENDITURES						
Current:						
City Manager						
Finance						
Community development				1,544,439	1,370,698	173,741
Parks and community services	20,001	6,157	13,844			
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital improvements	132,428	132,428				
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>152,429</u>	<u>138,585</u>	<u>13,844</u>	<u>1,544,439</u>	<u>1,370,698</u>	<u>173,741</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(110,157)</u>	<u>(133,993)</u>	<u>(23,836)</u>	<u>(226,742)</u>	<u>(54,764)</u>	<u>171,978</u>
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>(\$110,157)</u>	<u>(133,993)</u>	<u>(\$23,836)</u>	<u>(\$226,742)</u>	<u>(54,764)</u>	<u>\$171,978</u>
BEGINNING FUND BALANCE		<u>560,041</u>			<u>(64,674)</u>	
ENDING FUND BALANCE		<u>\$426,048</u>			<u>(\$119,438)</u>	

DAVISVILLE BOOK FUND			HISTORICAL FUND			BRINLEY/HATTIE WEBER		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,035	\$212	(\$823)	\$287	\$58	(\$229)	\$634	(\$13)	(\$647)
50	11	(39)						
1,085	223	(862)	287	58	(229)	634	(13)	(647)
1,085	223	(862)	287	58	(229)	634	(13)	(647)
1,085	223	(862)	287	58	(229)	634	(13)	(647)
1,085	223	(862)	287	58	(229)	634	(13)	(647)
	23,523			6,488			2,411	
	23,746			6,546			2,398	

(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, 2010

	ASSOCIATION OF BAY AREA GOVERNMENTS CERTIFICATES OF PARTICIPATION			PUBLIC FACILITY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$15,440	\$1,584	(\$13,856)	\$42	\$15	(\$27)
Intergovernmental						
Charges for current services						
Development fees						
Other						
Total Revenues	15,440	1,584	(13,856)	42	15	(27)
EXPENDITURES						
Current:						
City Manager						
Finance						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital improvements						
Debt service:						
Principal	135,000	135,000				
Interest and fiscal charges	79,485	79,486	(1)			
Total Expenditures	214,485	214,486	(1)			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(199,045)	(212,902)	(13,857)	42	15	(27)
OTHER FINANCING SOURCES (USES)						
Transfers in	214,485	214,486	1			
Transfers (out)					(1,247)	(1,247)
Total Other Financing Sources (Uses)	214,485	214,486	1		(1,247)	(1,247)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$15,440	1,584	(\$13,856)	\$42	(1,232)	(\$1,274)
BEGINNING FUND BALANCE		378,874			1,232	
ENDING FUND BALANCE		\$380,458				

REDEVELOPMENT AGENCY DEBT SERVICE			DAVIS RESEARCH PARK			ARLINGTON BOULEVARD BENEFIT AREA		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$31,873		(\$31,873)	\$34,325	\$6,977	(\$27,348)	\$16,413	\$3,336	(\$13,077)
31,873		(31,873)	34,325	6,977	(27,348)	16,413	3,336	(13,077)
610,000	\$610,000							
1,358,587	1,336,037	22,550						
1,968,587	1,946,037	22,550						
(1,936,714)	(1,946,037)	(9,323)	34,325	6,977	(27,348)	16,413	3,336	(13,077)
2,141,033	1,946,037	(194,996)						
2,141,033	1,946,037	(194,996)						
\$204,319		(\$204,319)	\$34,325	6,977	(\$27,348)	\$16,413	3,336	(\$13,077)
				774,433			370,306	
				\$781,410			\$373,642	

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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, 2010

	CAPITAL GRANTS			DAVIS LAND ACQUISITION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$9,388		(\$9,388)	\$67,883	\$13,797	(\$54,086)
Intergovernmental		\$135,818	135,818			
Charges for current services						
Development fees						
Other						
Total Revenues	9,388	135,818	126,430	67,883	13,797	(54,086)
EXPENDITURES						
Current:						
City Manager						
Finance						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital improvements	188,596	187,381	1,215			
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	188,596	187,381	1,215			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(179,208)	(51,563)	127,645	67,883	13,797	(54,086)
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	(\$179,208)	(51,563)	\$127,645	\$67,883	13,797	(\$54,086)
BEGINNING FUND BALANCE		442,417			1,531,521	
ENDING FUND BALANCE		\$390,854			\$1,545,318	

PUBLIC FACILITIES FINANCING AUTHORITY			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)
\$9,455	\$1,930	(\$7,525)	\$27,014		(\$27,014)	\$2,155	\$438	(\$1,717)
				\$301,040	301,040			
9,455	1,930	(7,525)	27,014	301,040	274,026	2,155	438	(1,717)
			1,505,863	1,110,249	395,614			
			1,505,863	1,110,249	395,614			
9,455	1,930	(7,525)	(1,478,849)	(809,209)	669,640	2,155	438	(1,717)
(193,447)		193,447		599,389	599,389			
(193,447)		193,447		599,389	599,389			
(\$183,992)	1,930	\$185,922	(\$1,478,849)	(209,820)	\$1,269,029	\$2,155	438	(\$1,717)
	214,271			300,431			48,630	
	\$216,201			\$90,611			\$49,068	

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INTERNAL SERVICE FUNDS

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.

EMPLOYEE BENEFITS FUND

This fund is used to account for accrued leave benefits and as a clearing fund for payroll taxes and liabilities.

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
JUNE 30, 2010

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
ASSETS					
Cash and investments	\$8,608,537	\$735,249	\$2,987,916		\$12,331,702
Accrued interest	15,859	1,086	2,978		19,923
Accounts receivable	65,610		30,465		96,075
Prepaid expenses				\$129,679	129,679
Inventory	343,506				343,506
Advances to other funds	2,158,209				2,158,209
Capital assets:					
Non-depreciable	736,975				736,975
Depreciable	15,968,428				15,968,428
Accumulated depreciation	(7,995,472)				(7,995,472)
Total Assets	<u>19,901,652</u>	<u>736,335</u>	<u>3,021,359</u>	<u>129,679</u>	<u>23,789,025</u>
LIABILITIES					
Payables:					
Accounts	161,484	98,575	2,371,253		2,631,312
Leave benefits	91,918	24,701			116,619
Deposits payable	81,360				81,360
Deferred revenue	4,170				4,170
OPEB liability					
Due to other funds				2,866,906	2,866,906
Claims payable:					
Due within one year			198,916		198,916
Due in more than one year			267,881		267,881
Total Liabilities	<u>338,932</u>	<u>123,276</u>	<u>2,838,050</u>	<u>2,866,906</u>	<u>6,167,164</u>
NET ASSETS					
Invested in capital assets	8,709,931				8,709,931
Unrestricted	<u>10,852,789</u>	<u>613,059</u>	<u>183,309</u>	<u>(2,737,227)</u>	<u>8,911,930</u>
Total Net Assets	<u>\$19,562,720</u>	<u>\$613,059</u>	<u>\$183,309</u>	<u>(\$2,737,227)</u>	<u>\$17,621,861</u>

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
OPERATING REVENUES					
Charges for current services	\$5,195,006	\$1,614,235	\$7,834,521		\$14,643,762
Total Operating Revenues	5,195,006	1,614,235	7,834,521		14,643,762
OPERATING EXPENSES					
Central stores	216,543				216,543
Central equipment	1,407,052				1,407,052
Parks and community services					
Duplication - postal	190,653				190,653
City administrative facility maintenance	136,703	1,237,883			1,374,586
City electrical maintenance		161,704			161,704
Insurance administration			281,801		281,801
Insurance premiums			6,841,438		6,841,438
Litigation			118,209		118,209
MIS services	1,620,221				1,620,221
OPEB expense					
Depreciation	1,211,242				1,211,242
Total Operating Expenses	4,782,414	1,399,587	7,241,448		13,423,449
Operating Income (Loss)	412,592	214,648	593,073		1,220,313
NONOPERATING REVENUES					
Interest income	156,616	5,388	17,291		179,295
Loss on disposal of capital assets	(23,015)				(23,015)
Other	200,361		38,198	\$26,164	264,723
Total Nonoperating Revenues	333,962	5,388	55,489	26,164	421,003
Income (Loss) before transfers	746,554	220,036	648,562	26,164	1,641,316
OTHER FINANCING SOURCES (USES)					
Transfers (out)	(18,434)				(18,434)
Total Other Financing Sources (Uses)	(18,434)				(18,434)
Change in Net Assets	728,120	220,036	648,562	26,164	1,622,882
BEGINNING NET ASSETS (DEFICIT), AS RESTATED (NOTES 1J and 11)	18,834,600	393,023	(465,253)	(2,763,391)	15,998,979
ENDING NET ASSETS (DEFICIT)	\$19,562,720	\$613,059	\$183,309	(\$2,737,227)	\$17,621,861

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2010

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$5,362,702	\$1,614,235	\$7,848,705	\$26,164	\$14,851,806
Payments to suppliers	(3,537,589)	(113,568)	(4,493,376)		(8,144,533)
Payments to employees	(142,131)	(1,232,669)		(129,679)	(1,504,479)
Claims paid			(40,600)		(40,600)
Cash Flows from Operating Activities	<u>1,682,982</u>	<u>267,998</u>	<u>3,314,729</u>	<u>(103,515)</u>	<u>5,162,194</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts	276,806			103,515	380,321
Transfers (out)	<u>(18,434)</u>				<u>(18,434)</u>
Cash Flows from Noncapital Financing Activities	<u>258,372</u>			<u>103,515</u>	<u>361,887</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Capital asset additions, net	<u>(923,346)</u>				<u>(923,346)</u>
Cash Flows from Capital and Related Financing Activities	<u>(923,346)</u>				<u>(923,346)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	<u>178,563</u>	<u>6,382</u>	<u>15,970</u>		<u>200,915</u>
Cash Flows from Investing Activities	<u>178,563</u>	<u>6,382</u>	<u>15,970</u>		<u>200,915</u>
Net Cash Flows	1,196,571	274,380	3,330,699		4,801,650
Cash and investments at beginning of period	<u>7,411,966</u>	<u>460,869</u>	<u>(342,783)</u>		<u>7,530,052</u>
Cash and investments at end of period	<u><u>\$8,608,537</u></u>	<u><u>\$735,249</u></u>	<u><u>\$2,987,916</u></u>		<u><u>\$12,331,702</u></u>
Reconciliation of operating income to net cash flows from operating activities:			\$4,340,409		
Operating income (loss)	\$412,592	\$214,648	\$593,073		\$1,220,313
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	1,211,242				1,211,242
Other revenues	200,361		38,198	26,164	264,723
Change in assets and liabilities:					
General accounts receivable	(42,582)		(24,014)		(66,596)
Prepaid expenses				(129,679)	(129,679)
Inventory	(31,564)				(31,564)
Accounts payable	(71,556)	48,136	2,629,863		2,606,443
Leave benefits payable	(5,428)	5,214			(214)
Claims payable			77,609		77,609
Deposits payable	8,240				8,240
Deferred revenue	<u>1,677</u>				<u>1,677</u>
Cash Flows from Operating Activities	<u><u>\$1,682,982</u></u>	<u><u>\$267,998</u></u>	<u><u>\$3,314,729</u></u>	<u><u>(\$103,515)</u></u>	<u><u>\$5,162,194</u></u>

AGENCY FUNDS

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
WOODLAND-DAVIS CLEAN WATER AGENCY JPA

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 YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<u>Public Facilities Financing Authority</u>				
Assets:				
Cash and investments	\$4,397,775	\$11,115,758	\$11,652,179	\$3,861,354
Cash with fiscal agents	1,164,915		176,889	988,026
Accrued interest receivable	22,089	6,998	22,089	6,998
Total Assets	<u>\$5,584,779</u>	<u>\$11,122,756</u>	<u>\$11,851,157</u>	<u>\$4,856,378</u>
Liabilities:				
Accounts payable	\$20,400		\$20,400	
Due to bondholders	5,564,379	\$11,122,756	11,830,757	\$4,856,378
Total Liabilities	<u>\$5,584,779</u>	<u>\$11,122,756</u>	<u>\$11,851,157</u>	<u>\$4,856,378</u>
<u>Mello Roos Community Facilities District</u>				
Assets:				
Cash and investments	\$2,497,139	\$1,662,433	\$1,602,668	\$2,556,904
Cash with fiscal agents	369,057		670	368,387
Accrued interest receivable	10,016	3,903	10,016	3,903
Total Assets	<u>\$2,876,212</u>	<u>\$1,666,336</u>	<u>\$1,613,354</u>	<u>\$2,929,194</u>
Liabilities:				
Accounts payable	\$50,000		\$50,000	
Due to bondholders	2,826,212	\$1,666,336	1,563,354	\$2,929,194
Total Liabilities	<u>\$2,876,212</u>	<u>\$1,666,336</u>	<u>\$1,613,354</u>	<u>\$2,929,194</u>
<u>University Research Park</u>				
Assets:				
Cash and investments	\$394,376	\$148,462	\$179,054	\$363,784
Accrued interest receivable	1,724	638	1,724	638
Total Assets	<u>\$396,100</u>	<u>\$149,100</u>	<u>\$180,778</u>	<u>\$364,422</u>
Liabilities:				
Due to bondholders	\$396,100	\$149,100	\$180,778	\$364,422
Total Liabilities	<u>\$396,100</u>	<u>\$149,100</u>	<u>\$180,778</u>	<u>\$364,422</u>

CITY OF DAVIS
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<u>Special Assessment Parking District #3</u>				
Assets:				
Cash and investments	\$329,376	\$2,243	\$200,958	\$130,661
Accrued interest receivable	1,980	334	1,980	334
Total Assets	<u>\$331,356</u>	<u>\$2,577</u>	<u>\$202,938</u>	<u>\$130,995</u>
Liabilities:				
Due to bondholders	<u>\$331,356</u>	<u>\$2,577</u>	<u>\$202,938</u>	<u>\$130,995</u>
Total Liabilities	<u>\$331,356</u>	<u>\$2,577</u>	<u>\$202,938</u>	<u>\$130,995</u>
<u>Woodland-Davis Clean Water Agency JPA</u>				
Assets:				
Cash and investments		\$315,092		\$315,092
Accounts receivable		330,500		330,500
Total Assets		<u>\$645,592</u>		<u>\$645,592</u>
Liabilities:				
Accounts payable		\$265,725		\$265,725
Due to members		379,867		379,867
Total Liabilities		<u>\$645,592</u>		<u>\$645,592</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$7,618,666	\$13,243,988	\$13,634,859	\$7,227,795
Cash with fiscal agents	1,533,972		177,559	1,356,413
Accrued interest receivable	35,809	11,873	35,809	11,873
Accounts receivable		330,500		330,500
Total Assets	<u>\$9,188,447</u>	<u>\$13,586,361</u>	<u>\$13,848,227</u>	<u>\$8,926,581</u>
Liabilities:				
Accounts payable	\$70,400	\$265,725	\$70,400	\$265,725
Due to members		379,867		379,867
Due to bondholders	<u>9,118,047</u>	<u>\$12,940,769</u>	<u>13,777,827</u>	<u>8,280,989</u>
Total Liabilities	<u>\$9,188,447</u>	<u>\$13,586,361</u>	<u>\$13,848,227</u>	<u>\$8,926,581</u>

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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:

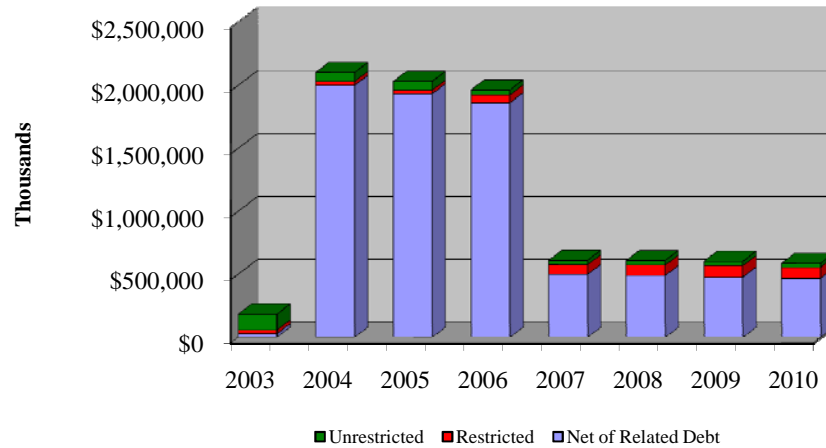
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

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.

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



	Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities								
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	\$252,723,158	\$239,049,020
Restricted	29,878,869	31,157,599	28,394,469	62,362,455	77,157,422	82,394,483	90,708,023	87,064,955
Unrestricted	50,153,144	53,089,644	50,347,342	24,637,626	11,068,382	7,754,642	2,784,364	2,566,812
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>	<u>\$346,215,545</u>	<u>\$328,680,787</u>
Business-type activities								
Invested in capital assets, net of related debt		\$58,702,409	\$60,969,494	\$67,057,515	\$223,527,504	\$221,228,535	\$221,228,535	\$228,167,880
Restricted	\$106,216	\$106,216	85,847	85,847	85,847		0	0
Unrestricted	74,828,266	18,667,746	19,158,757	14,934,763	23,426,544	29,101,435	29,101,435	28,963,136
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>	<u>\$250,329,970</u>	<u>\$257,131,016</u>
Primary government								
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	\$476,752,197	\$467,216,900
Restricted	29,985,085	31,263,815	28,480,316	62,448,302	77,243,269	82,394,483	90,708,023	87,064,955
Unrestricted	124,981,410	71,757,390	69,506,099	39,572,389	34,494,926	36,856,077	34,473,909	31,529,948
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>	<u>\$601,934,129</u>	<u>\$585,811,803</u>

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

	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
General Government	\$3,225,626	\$3,225,626	\$3,571,950	\$3,558,319	\$4,147,737
Public Safety	15,461,386	15,461,386	17,309,890	20,723,420	19,574,310
Public Works and Special Projects	7,381,924	7,381,924	90,309,525	92,673,791	92,661,922
Community Development	3,874,644	3,874,644	2,881,783	3,583,231	3,562,456
Parks and Community Services	16,445,283	16,445,283	18,094,869	18,685,011	18,554,243
Interest on Long Term Debt	1,811,617	1,811,617	1,903,353	1,246,150	1,276,405
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>
Business-Type Activities:					
Water	5,557,625	5,557,625	6,272,414	6,670,915	6,657,576
Sanitation	7,315,874	7,315,874	7,565,779	7,680,397	7,906,456
Sewer	5,885,551	5,885,551	5,135,805	6,446,797	7,249,341
Storm Sewer	1,288,905	1,288,905	1,454,896	1,704,263	1,827,081
Public transit	3,461,619	3,461,619	6,609,123	3,195,770	4,512,019
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>
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>
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$699,240	\$699,240	\$1,010,879	\$1,026,383	\$1,035,092
Public Safety	1,876,887	1,876,887	3,005,892	2,264,993	1,964,664
Public Works	267,186	267,186	442,050	165,807	191,953
Community Development	2,976,417	2,976,417	2,456,030	3,246,174	2,590,696
Parks and Community Services	2,153,542	2,153,542	2,113,853	2,135,708	2,255,983
Operating Grants and Contributions	14,026,809	14,026,809	12,527,085	14,240,090	14,423,942
Development impact fees and permits	4,374,463	4,374,463	1,815,385	5,370,574	1,515,806
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>
Business-Type Activities:					
Charges for Services:					
Water	5,282,564	5,282,564	6,308,856	5,781,440	6,275,459
Sanitation	7,475,904	7,475,904	7,544,575	7,481,207	8,069,352
Sewer	5,013,322	5,013,322	7,048,496	7,836,303	9,145,774
Storm Sewer	1,219,046	1,219,046	1,234,991	1,295,695	1,451,252
Public transit	13,843	13,843	16,090	15,685	16,043
Operating Grants and Contributions	4,132,729	4,132,729	7,276,079	3,275,727	3,958,332
Development impact fees and permits	101,061	101,061		961,984	509,050
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>
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>
Net (Expense)/Revenue					
Governmental Activities	(\$21,825,936)	(\$21,825,936)	(\$110,700,196)	(\$112,020,193)	(\$115,798,937)
Business-Type Activities	(271,105)	(271,105)	2,391,070	949,899	1,272,789
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>

2008	2009	2010
\$4,960,591	\$5,080,518	\$4,722,315
24,805,660	26,156,968	27,772,647
21,430,517	23,333,235	27,364,557
3,834,291	3,719,243	2,998,509
28,899,628	30,071,359	27,267,525
518,674	1,391,009	1,429,321
<u>84,449,361</u>	<u>89,752,332</u>	<u>91,554,874</u>
9,393,349	9,236,481	10,266,380
8,657,912	8,777,295	8,986,002
8,543,712	8,803,769	8,727,978
3,145,490	2,832,790	2,947,887
5,875,783	7,718,465	11,787,091
<u>35,616,246</u>	<u>37,368,800</u>	<u>42,715,338</u>
<u>\$120,065,607</u>	<u>\$127,121,132</u>	<u>\$134,270,212</u>
\$1,708,030	\$2,408,802	\$2,503,106
2,438,460	2,104,655	2,095,245
548,021	360,110	334,326
2,204,448	2,009,982	1,780,545
2,594,141	2,743,358	2,733,651
18,585,069	22,869,051	17,535,502
5,711,509	1,028,625	796,061
<u>33,789,678</u>	<u>33,524,583</u>	<u>27,778,436</u>
9,018,403	9,545,841	9,896,995
8,592,544	8,821,374	8,967,949
11,919,343	13,502,462	12,751,768
1,567,009	1,506,083	1,519,490
28,110	32,644	36,354
5,891,383	7,374,894	11,750,908
238,444	864,944	0
<u>37,255,236</u>	<u>41,648,242</u>	<u>44,923,464</u>
<u>\$71,044,914</u>	<u>\$75,172,825</u>	<u>\$72,701,900</u>
(\$50,659,683)	(\$56,227,749)	(\$63,776,438)
1,638,990	4,279,442	2,208,126
<u>(\$49,020,693)</u>	<u>(\$51,948,307)</u>	<u>(\$61,568,312)</u>

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

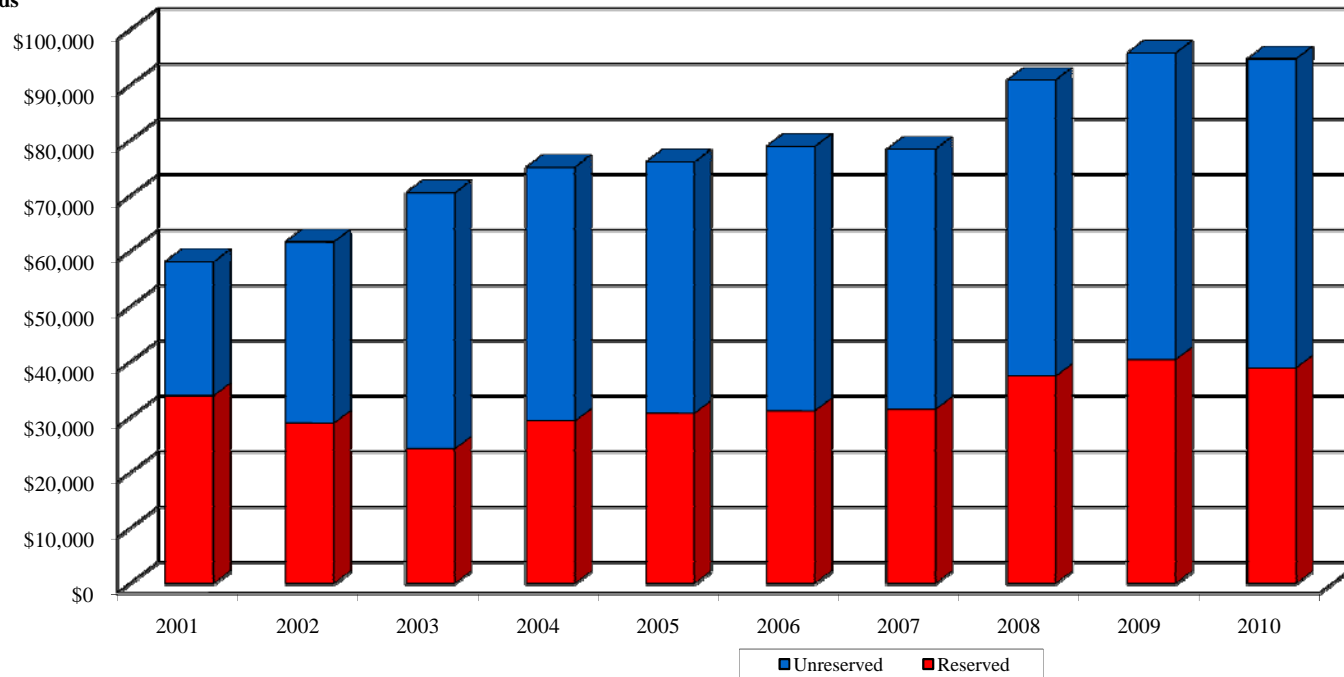
	Fiscal Year Ended June 30,				
	2003	2004	2005	2006	2007
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Taxes:					
Property Taxes	\$11,737,158	\$13,717,077	\$14,150,857	\$17,016,586	\$18,437,026
Sales Taxes	5,548,113	5,434,627	8,052,765	8,988,381	8,834,409
Municipal Services	1,772,132	1,853,167	1,921,115	2,001,032	2,076,696
Business License	1,043,991	1,075,340	1,139,725	1,179,106	1,258,072
Park Maintenance	1,305,426	1,292,315	1,312,782	1,315,708	1,315,081
Construction	1,154,752	852,777	847,051	787,699	371,489
Open Space Protection	630,112	615,616	625,694	627,096	627,345
Franchise	794,452	849,649	876,117	877,670	1,003,229
Transient Occupancy Tax	908,964	981,074	928,090	940,886	1,056,691
Transfer	239,465	270,800	334,523	257,580	236,092
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
Investment Earnings	2,673,312	852,878	2,045,947	1,295,101	3,542,701
Miscellaneous	849,025	964,693	1,074,961	2,791,561	1,452,218
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>
Business-Type Activities:					
Interest Earnings	343,612	116,518	480,419	404,646	1,128,852
Miscellaneous	868,382	34,301	1,307,409	449,358	326,244
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>
Total Primary Government	<u>\$33,807,598</u>	<u>\$32,420,620</u>	<u>\$39,723,177</u>	<u>\$43,551,252</u>	<u>\$46,389,341</u>
Change in Net Assets					
Governmental Activities	\$10,769,668	(\$78,430,395)	(\$74,084,844)	(\$73,101,689)	(\$5,060,205)
Business-Type Activities	940,889	2,541,889	2,737,727	2,126,793	4,062,297
Total Primary Government	<u>\$11,710,557</u>	<u>(\$75,888,506)</u>	<u>(\$71,347,117)</u>	<u>(\$70,974,896)</u>	<u>(\$997,908)</u>

2008	2009	2010
\$19,717,475	\$19,909,233	\$20,322,775
9,117,999	7,733,047	8,418,817
2,165,883	2,239,758	4,336,510
1,283,451	1,351,827	1,492,242
1,337,888	1,341,289	1,344,782
856,186	237,777	208,859
637,786	640,287	641,221
1,022,880	1,066,032	1,034,530
1,120,983	1,031,031	912,456
(214,596)		
4,888,366	4,961,873	5,054,571
3,313,964	1,895,335	558,490
719,943	1,568,513	542,805
45,968,208	43,976,002	44,868,058
1,301,203	814,923	318,724
135,286	294,249	131,317
1,436,489	1,109,172	450,041
\$47,404,697	\$45,085,174	\$45,318,099
(\$4,691,475)	(\$12,129,838)	(\$18,780,493)
3,075,479	5,388,614	2,658,167
(\$1,615,996)	(\$6,741,224)	(\$16,122,326)

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

Thousands



	Fiscal Year Ended June 30,									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:										
Reserved	\$658,554	\$811,491	\$1,052,593	\$2,786,293	\$3,210,614	\$2,887,364	\$3,183,616	\$1,308,154	\$1,304,307	\$1,279,973
Unreserved	6,289,261	8,041,626	9,223,352	7,256,807	9,846,736	9,038,007	8,200,515	5,071,910	2,327,880	4,253,958
Total General Fund	<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>	<u>\$3,632,187</u>	<u>\$5,533,931</u> (a)
All Other Governmental Funds:										
Reserved	\$33,210,506	\$28,185,703	\$23,286,280	\$26,593,445	\$27,522,772	\$28,319,649	\$28,319,649	\$36,173,371	\$39,121,878	\$37,644,210
Unreserved, reported in:										
Special revenue funds	2,317,843	3,521,759	13,210,393	14,037,455	11,969,346	15,336,726	15,336,726	19,495,729	24,424,793	23,476,779
Capital project funds	15,644,466	21,146,138	23,723,056	24,442,115	23,590,901	23,344,253	23,344,253	28,814,920	28,585,987	28,062,545
Total All Other Governmental Funds	<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>	<u>\$92,132,658</u>	<u>\$89,183,534</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,				
	2001	2002	2003	2004	2005
Revenues					
Taxes	\$23,709,406	\$24,075,386	\$25,434,082	\$27,082,587	\$30,498,312
Licenses, permits and fees	1,277,593	927,267	1,022,193	877,681	1,004,427
Fines and forfeitures	383,546	615,553	905,959	997,748	1,131,340
Use of money and property	5,401,909	3,011,331	2,476,607	776,841	1,854,330
Kirkwood Village Assoc. ETAL	13,460,444	16,085,891	16,542,689	15,911,100	17,226,773
Charges for current services	5,232,829	6,205,880	7,565,251	6,720,666	7,879,991
Development fees	5,662,874	2,511,439	3,570,435	1,519,665	3,846,464
Administrative fee - Enterprise Fund	640,278	740,944	849,371	955,493	1,040,717
Other	2,305,797	456,983	849,025	685,477	131,968
Total Revenues	<u>58,074,676</u>	<u>54,630,674</u>	<u>59,215,612</u>	<u>55,527,258</u>	<u>64,614,322</u>
Expenditures					
Current:					
General government	3,352,341	3,071,701	3,149,546	3,482,340	3,381,214
Public safety	12,552,060	14,048,087	14,750,154	16,777,950	19,866,978
Public works	2,281,519	3,552,472	3,631,578	2,458,887	3,530,097
Community development	2,512,524	2,377,021	2,926,577	2,837,643	3,482,608
Parks and community services	13,432,722	14,658,793	16,301,173	16,886,059	17,151,735
Special projects	3,284,578	3,277,709	3,695,386	4,293,233	6,408,977
Debt service:					
Principal repayment	2,731,000	230,000	310,000	340,000	295,000
Interest and fiscal charges	1,482,132	1,309,345	1,293,840	1,719,446	1,199,786
Special assessment	85,406	428,837	159,233	133,997	116,907
Capital improvements	17,262,496	7,638,898	4,209,168	4,206,318	10,135,957
Total Expenditures	<u>58,976,778</u>	<u>50,592,863</u>	<u>50,426,655</u>	<u>53,135,873</u>	<u>65,569,259</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(902,102)</u>	<u>4,037,811</u>	<u>8,788,957</u>	<u>2,391,385</u>	<u>(954,937)</u>
Other Financing Sources (Uses)					
Transfers in	6,885,860	9,762,711	8,581,648	4,798,387	5,751,571
Transfers (out)	(7,362,849)	(10,214,435)	(8,581,648)	(4,811,631)	(4,972,420)
Proceeds from issuance of debts	13,000,000			9,265,000	1,200,000
Payments to refunded bond escrow				(7,022,700)	
Sale of real property	525,000				
Total other financing sources (uses)	<u>13,048,011</u>	<u>(451,724)</u>	<u>0</u>	<u>2,229,056</u>	<u>1,979,151</u>
Net Change in fund balances	<u><u>\$12,145,909</u></u>	<u><u>\$3,586,087</u></u>	<u><u>\$8,788,957</u></u>	<u><u>\$4,620,441</u></u>	<u><u>\$1,024,214</u></u>
Debt service as a percentage of noncapital expenditures	(a)	(a)	3.8%	4.5%	2.9%

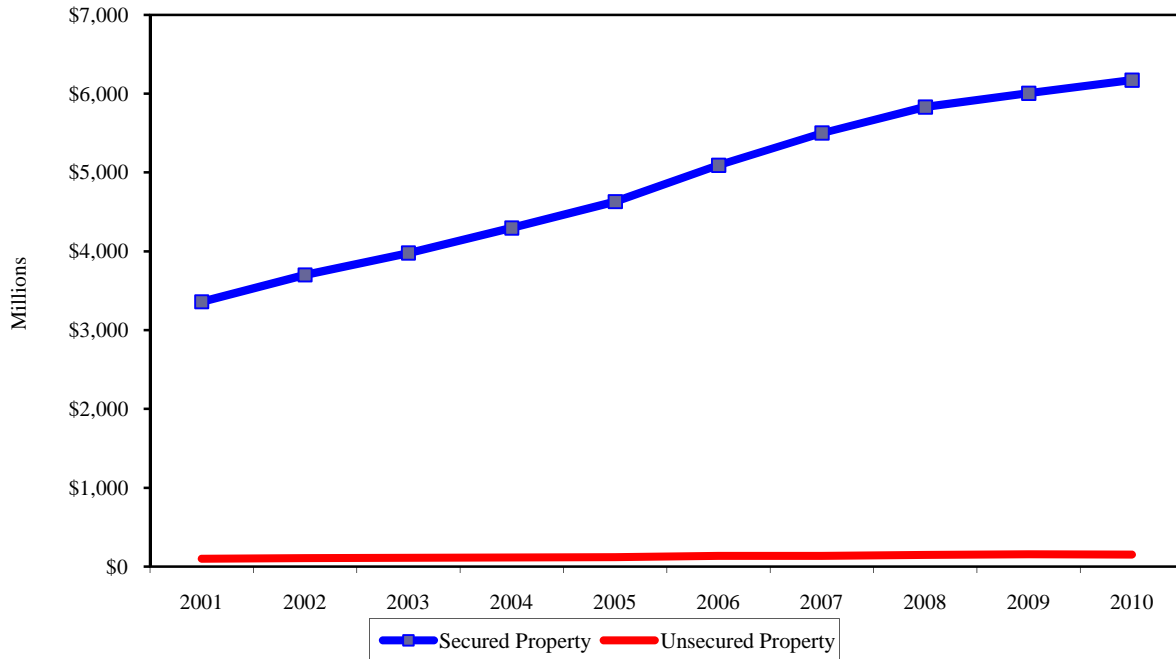
NOTE:

(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,

2006	2007	2008	2009	2010
\$38,633,353	\$39,781,903	\$42,254,186	\$3,101,875	\$41,867,742
1,540,924	107	115	0	188
888,727	941,447	944,583	0	861,131
1,661,219	3,297,325	3,671,372	447,517	1,074,244
15,320,106	17,973,506	16,785,328	7,965,356	15,243,036
6,510,429	8,586,539	9,054,124	3,341,896	8,279,578
701,840	1,423,911	4,705,005	11,735	592,374
1,118,422	1,405,458	1,794,961	0	2,316,719
1,075,316	629,277	504,120	222,733	2,407,821
<u>67,450,336</u>	<u>74,039,473</u>	<u>79,713,794</u>	<u>15,091,112</u>	<u>72,642,833</u>
4,064,483	4,709,156	5,088,011	65,005	4,459,542
20,160,141	22,482,705	24,678,723	2,337,331	25,348,848
3,893,669	4,647,856	4,431,330	3,242,437	4,485,175
3,520,994	3,629,991	3,913,194	1,718,225	2,794,363
17,983,887	22,286,696	25,113,063	2,197,249	22,543,846
6,689,316	4,962,370	6,850,876	775,036	11,115,111
463,419	685,498	1,107,915	890,000	923,828
1,247,229	1,964,862	958,487	1,451,458	1,442,353
86,587	87,526	88,231		
<u>5,396,131</u>	<u>3,445,108</u>	<u>8,307,585</u>	<u>1,791,910</u>	<u>3,372,261</u>
<u>63,505,856</u>	<u>68,901,768</u>	<u>80,537,415</u>	<u>14,468,651</u>	<u>76,485,327</u>
<u>3,944,480</u>	<u>5,137,705</u>	<u>(823,621)</u>	<u>622,461</u>	<u>(3,842,494)</u>
6,107,112	5,006,158	3,500,822	2,341,112	4,990,510
(7,265,962)	(5,006,158)	(4,003,532)	(209,198)	(4,972,076)
	20,815,000	39,227	0	13,289
	(12,727,516)	0		
<u>(1,158,850)</u>	<u>8,087,484</u>	<u>(463,483)</u>	<u>2,131,914</u>	<u>31,723</u>
<u>\$2,785,630</u>	<u>\$13,225,189</u>	<u>(\$1,287,104)</u>	<u>\$2,754,375</u>	<u>(\$3,810,771)</u>
3.1%	4.2%	3.0%	18.5%	3.2%

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

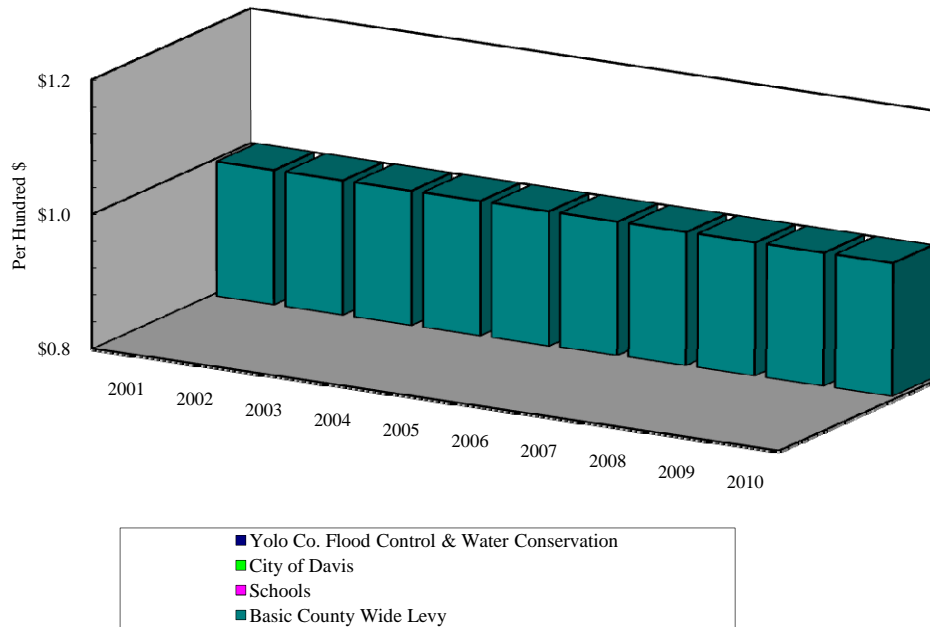


Fiscal Year	Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
2001	\$3,258,797,718	\$101,098,970	\$3,359,896,688	\$3,359,896,688	1%
2002	3,592,309,287	108,995,676	3,701,304,963	3,701,304,963	1%
2003	3,865,177,730	113,350,054	3,978,527,784	3,978,527,784	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%
2009	5,849,305,791	156,635,502	6,005,941,293	6,005,941,293	1%
2010	6,019,619,172	151,696,172	6,171,315,344	6,171,315,344	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**



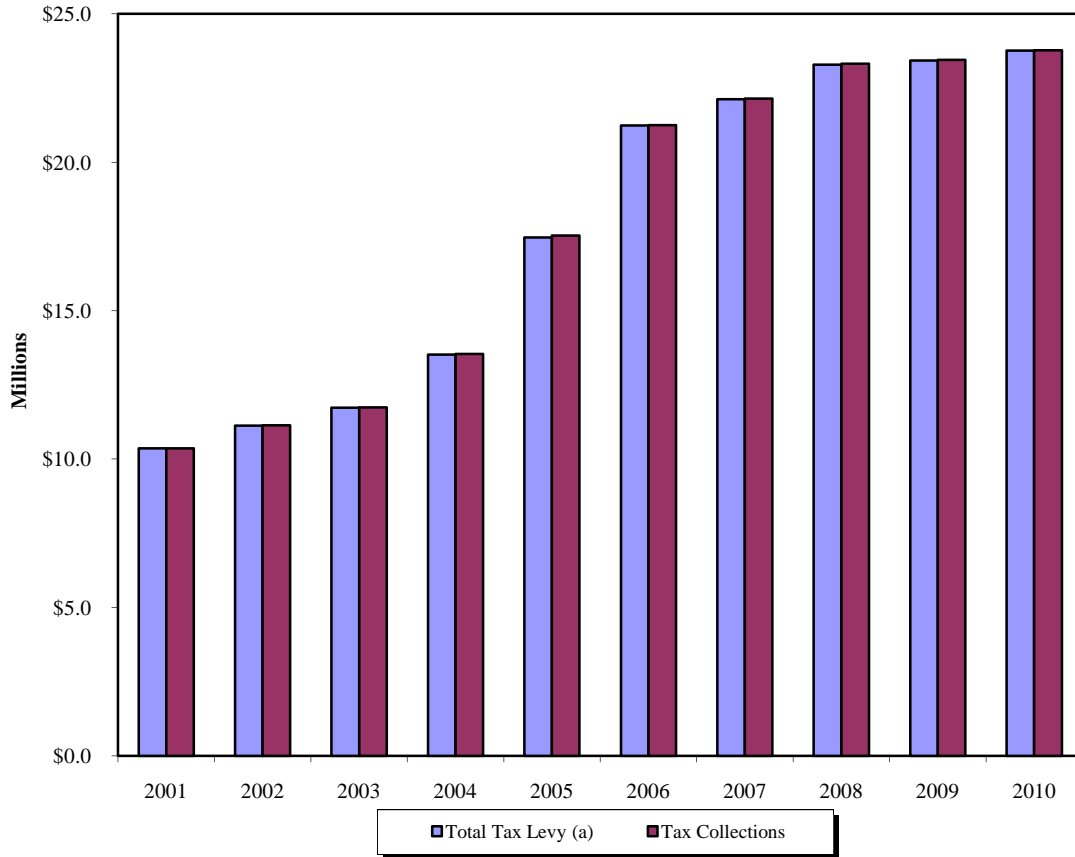
Fiscal Year	Basic County Wide Levy	City of Davis	Schools	Yolo Co. Flood Control & Water Conservation	Total
2001	1.0000				1.0000
2002	1.0000				1.0000
2003	1.0000				1.0000
2004	1.0000				1.0000
2005	1.0000				1.0000
2006	1.0000				1.0000
2007	1.0000				1.0000
2008	1.0000				1.0000
2009	1.0000				1.0000
2010	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 Tax Payers
Current Year and Nine Years Ago

Taxpayer	2009-10			2000-01		
	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	44,114,945	1	24.6%			
Kirkwood Village Assoc. ETAL	32,972,529	2	18.4%			
Olive Drive Partners	22,439,422	3	12.5%			
Kaiser Foundation Health Plan Inc	14,832,990	4	8.3%	12,675,421	6	8.71%
5th & G Plaza, Inc	13,958,002	5	7.8%			
Walnut Park Apartments	13,602,133	6	7.6%	11,630,462	9	8.00%
Davis Hallmark Partnership	9,916,151	7	5.5%			
Bollinger Michael J TR Etal	9,319,765	8	5.2%			
Yolo Boundary LP	9,294,837	9	5.2%			
Oakshade Commons Apt LLC	9,057,366	10	5.0%			
Southern Pacific Land/Hunt Wesson				24,450,623	1	16.81%
Fine Arts LP				20,354,762	2	13.99%
Adobe Evergreen Apts LLC				14,175,583	3	9.75%
SFC Greystone Ivest LP ETAL				13,598,355	4	9.35%
Waggener Ranch (Apts) LTD PNTSHP				13,178,675	5	9.06%
ARV Assisted Living Inc				12,666,203	7	8.71%
Arlington Farm Partners				11,607,498	8	7.98%
Wildhorses Group				11,119,817	10	7.64%
Subtotal	<u>\$179,508,140</u>		<u>100.0%</u>	<u>\$145,457,399</u>		<u>100.0%</u>
Total Net Assessed Valuation:						
Fiscal Year 2009/10	\$6,171,315,344					
Fiscal Year 2000/01	\$3,359,896,688					

**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
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%
2009	23,426,537	23,426,537	100.0000%	19,556	23,446,093	100.0835%
2010	23,763,685	23,763,685	100.0000%	5,545	23,769,230	100.0233%

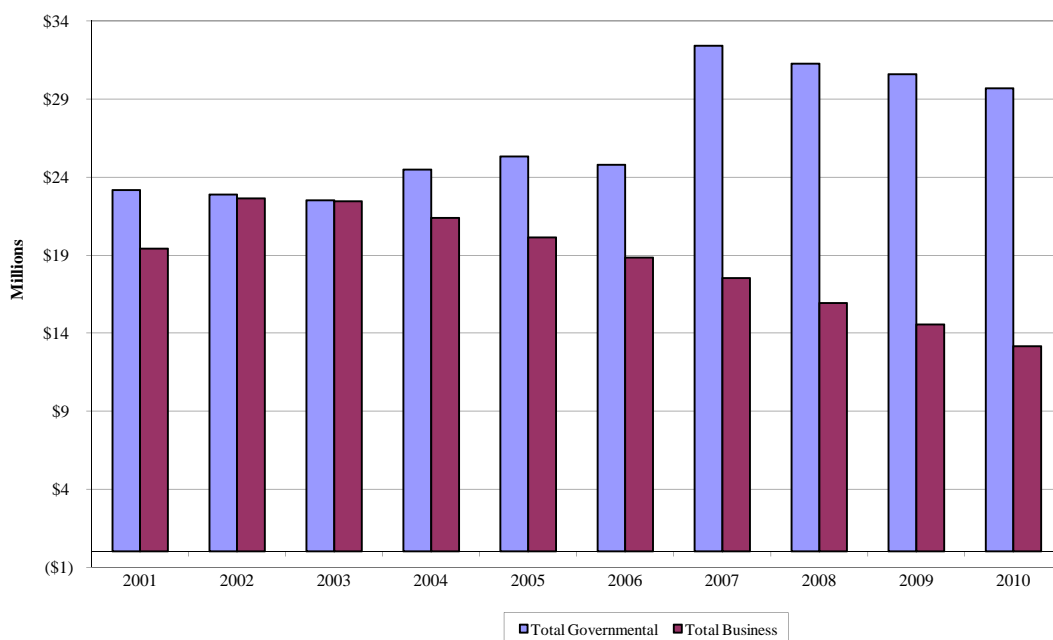
Source: Yolo County Auditor - Controller's Assessed Value Summaries

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



Fiscal Year	Governmental Activities					Total
	Tax Allocation Bonds	Certificates of Participation	Special Assessment Payable	Capital Lease Obligations	Note Payable	
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	\$39,227	31,265,600
2009	28,365,000	1,155,000		562,481	513,152	30,595,633
2010	27,755,000	1,020,000		383,653	526,441	29,685,094

Fiscal Year	Business-Type Activities			Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	Department of Water Resources Loan	State Revolving Fund Loans	Sewer System Capital Improvement Loan				
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	736.58%	675.53
2007	5,656,387	10,115,277	1,752,560	17,524,224	49,937,450	760.87%	269.86
2008	5,160,443	9,130,789	1,639,763	15,930,995	47,196,595	N/A	716.52
2009	4,651,531	8,385,136	1,520,677	14,557,344	45,152,977	N/A	678.27
2010	4,129,424	7,620,513	1,394,951	13,144,888	42,303,541	N/A	640.91

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 147 (Demographic Statistics) for personal income and population data.
Personal Income information is not available for fiscal 2008 to 2010
(b) Debt amounts exclude any premiums, discounts, or other amortization amounts.

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

Fiscal Year	Tax Allocation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
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
2009	28,365,000	0.47%	429.74
2010	27,755,000	0.45%	416.93

CITY OF DAVIS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2010

2007-08 Assessed Valuation \$6,171,315,344

	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>\$1,020,000</u>	100.00%	<u>\$1,020,000</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u><u>\$1,020,000</u></u>		<u><u>\$1,020,000</u></u>
Overlapping Bonded Debt Per Capita			<u><u>15.3222172</u></u>

Source: City of Davis

CITY OF DAVIS
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2010

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	\$6,019,619,172
-----------------------------------------------------------------	-----------------

BONDED DEBT LIMIT (15% OF ASSESSED VALUE)	\$902,942,876
-------------------------------------------	---------------

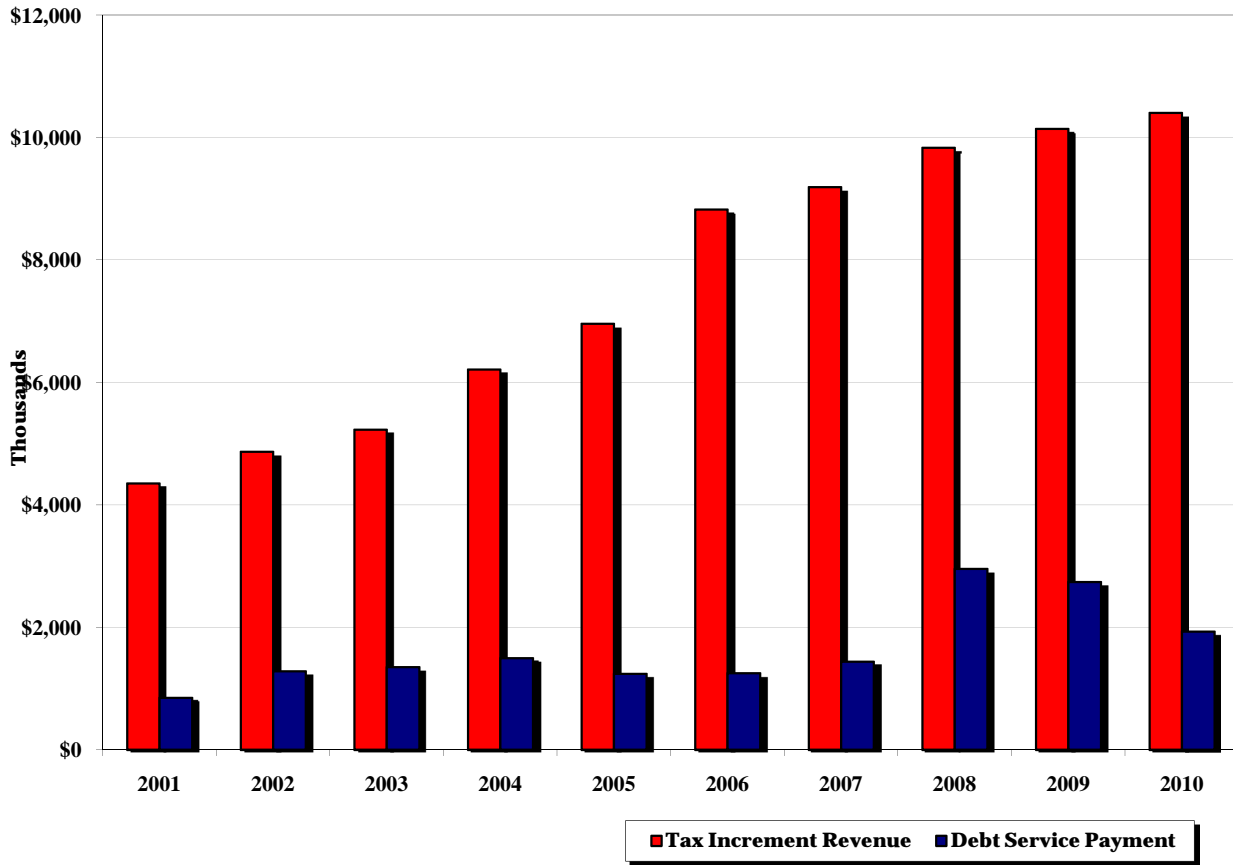
AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt	\$28,775,000
Less: Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	28,775,000
Amount of debt subject to limit	0

LEGAL BONDED DEBT MARGIN	\$902,942,876
--------------------------	---------------

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
2001	\$503,984,503	\$0	\$503,984,503	0.00%
2002	555,195,744	0	555,195,744	0.00%
2003	596,779,168	0	596,779,168	0.00%
2004	644,512,137	0	644,512,137	0.00%
2005	694,663,775	0	694,663,775	0.00%
2006	732,237,018	0	732,237,018	0.00%
2007	804,376,463	0	804,376,463	0.00%
2008	852,639,370	0	852,639,370	0.00%
2009	877,395,869	0	877,395,869	0.00%
2010	902,942,876	0	902,942,876	0.00%

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



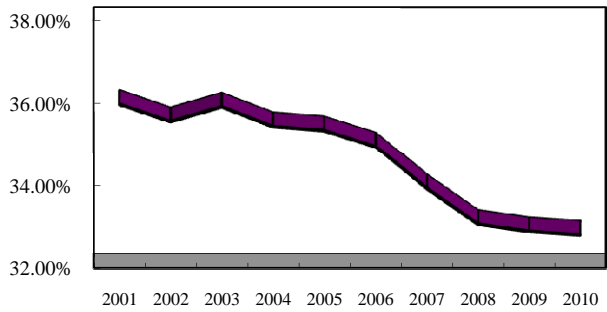
Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2001	\$4,349,879	\$125,000	\$724,427	\$849,427	5.12
2002	4,869,155	130,000	1,156,240	1,286,240	3.79
2003	5,231,587	205,000	1,146,736	1,351,736	3.87
2004	6,213,587	225,000	1,274,787	1,499,787	4.14
2005	6,958,112	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
2009	10,141,530	585,000	2,158,908	2,743,908	3.70
2010	10,405,232	610,000	1,323,299	1,933,299	5.38

Sources: Redevelopment Agency of the City of Davis Annual Financial Statements
Official Statements of the 2000 Tax Allocation Refunding Bonds,
Tax Allocation Refunding Bonds, 2007 Tax Allocation Refunding Bonds
and 2007 Taxable Housing Allocation Bonds

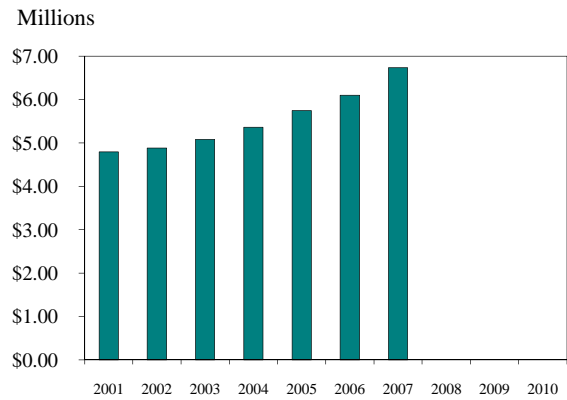
CITY OF DAVIS

DEMOGRAPHIC AND ECONOMIC STATISTICS

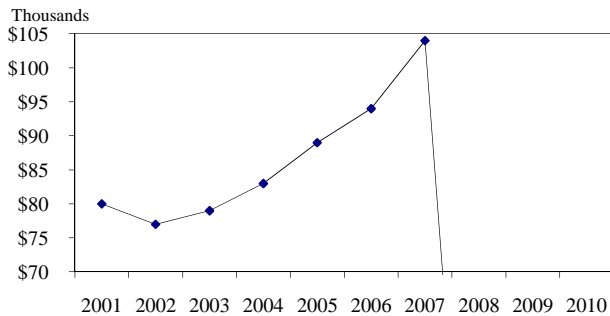
LAST TEN FISCAL YEARS



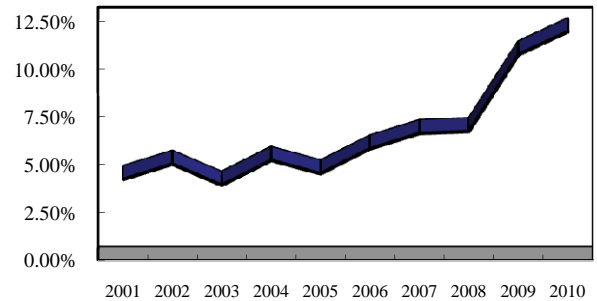
■ City Population as a % of County Population



■ Total Personal Income



—●— Per Capita Personal..



■ Unemployment Rate (%)

Fiscal Year	City Population	Total Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate (%)	Yolo County Population	City Population % of County
2001	60,201	\$4,792,716	\$80,000	4.2%	\$169,265	35.98%
2002	63,324	4,880,859	77,000	5.0%	176,289	35.57%
2003	64,259	5,080,810	79,000	3.9%	181,291	35.92%
2004	64,700	5,364,000	83,000	5.2%	183,042	35.45%
2005	64,500	5,745,453	89,000	4.5%	184,500	35.35%
2006	64,585	6,097,020	94,000	5.8%	190,344	34.96%
2007	64,938	6,736,246	104,000	6.6%	193,983	33.93%
2008	65,814	(A)	N/A	6.7%	199,066	33.06%
2009	66,005	(A)	N/A	10.7%	200,709	32.89%
2010	66,570	(A)	N/A	11.9%	202,953	32.80%

Source: California State Department of Finance

Note: (A) Information not available

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

Employer	2009-10			2006-07		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
UC Davis	30,770	1	46.2%	17,637	1	27.2%
Davis Joint Unified School District	972	2	1.5%	976	2	0.0%
City of Davis	572 *	3	0.9%	447	3	0.7%
Sutter Davis Hospital	375	4	0.6%	430	4	0.7%
Safeway	200	5	0.3%	270	7	0.4%
USDA	200	6	0.3%	200	6	0.3%
PG&E	200	7	0.3%	236	5	0.4%
Target	182	8	0.3%	166	8	0.3%
Nugget Market	166	9	0.2%			
Davis Food Co-op	133	10	0.2%	131	9	0.2%
Digi International (Z-World)				135	10	0.2%
Kaiser						
Subtotal	<u>33,770</u>		<u>50.7%</u>	<u>20,628</u>		<u>31.8%</u>
Total City Day Population	<u>66,570</u>			<u>64,938</u>		

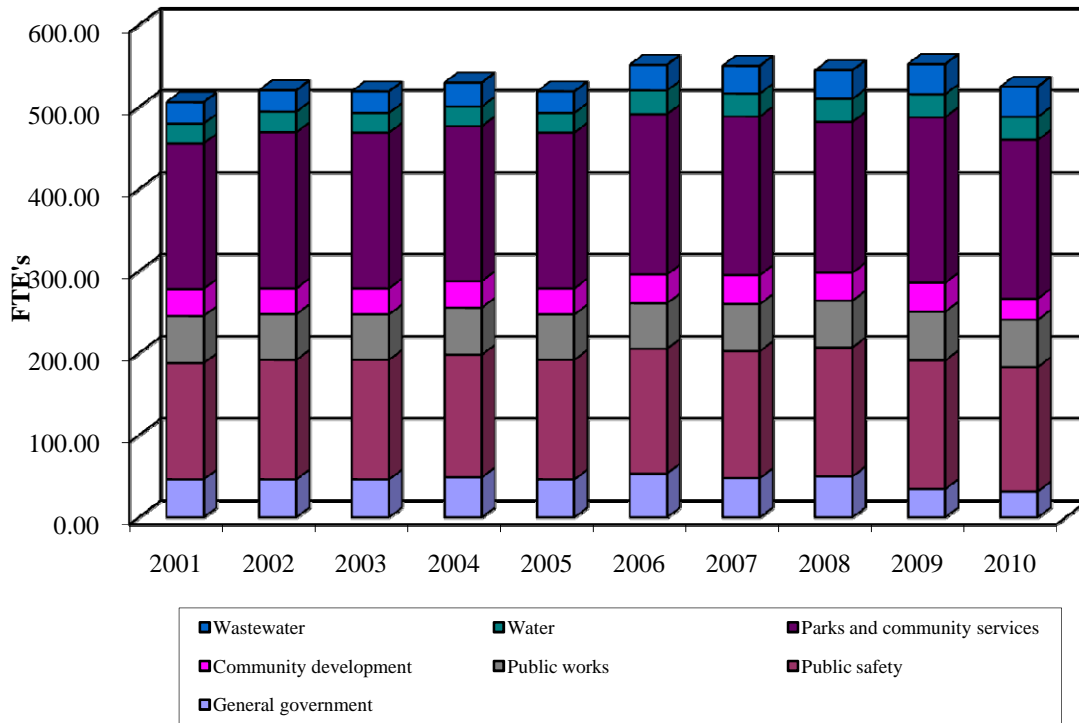
Source: City of Davis phone survey, fall 2010

Historical data for fiscal year 2000-01 not available

* includes seasonal employees

(A) Information for fiscal year 2000-01 not available

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



	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Function										
General government	46.20	46.20	46.20	48.68	46.20	53.37	47.79	49.78	34.55	31.64
Public safety	141.79	145.68	145.78	149.42	145.78	152.05	154.67	157.22	156.64	151.63
Public works	57.44	55.87	55.38	57.45	55.38	55.44	57.44	57.00	59.45	57.60
Community development	33.00	31.32	31.69	32.17	31.69	35.01	35.18	33.98	35.18	25.57
Parks and community services	177.26	190.19	189.80	188.82	189.80	195.28	193.29	183.83	201.74	193.55
Water	24.00	25.00	24.00	24.00	24.00	28.96	27.96	27.96	27.96	27.96
Wastewater	26.00	26.00	26.00	29.00	26.00	31.21	33.83	34.83	36.68	36.68
Total	446.00	505.69	505.69	518.85	529.54	518.85	551.32	544.60	552.20	524.63

Source: City of Davis

**Operating Indicators by Function/Program
Last Ten Fiscal Years**

	Fiscal Year			
	2001	2002	2003	2004
Function/Program				
Public safety:				
Fire:				
Fire calls for service	252	305	316	316
Medical calls for service	1,610	1,547	1,859	1,859
Other calls for service	1,169	1,428	1,356	1,356
Primary fire inspections conducted	1,142	991	1,192	1,192
Fire loss	\$712,730	\$1,403,080	\$827,250	\$827,250
Police:				
Communication center calls answered (911)	8,263	8,664	8,664	8,664
Police calls for service	58,355	49,386	51,005	51,005
Law violations:				
Part I and Part II crimes	1,817	2,540	2,154	2,154
Warrants processed (adult and juvenile)	902	1,261	832	832
Driving under influence arrests (DUI)	251	160	211	211
Property loss	\$2,007,966	\$2,927,592	\$2,957,154	\$2,957,154
Property recovered	\$810,791	\$1,390,769	\$1,371,897	\$1,371,897
Cases written	7,376	7,613	7,174	7,174
Bicycle thefts	287	62	(A)	(A)
Recovered stolen bicycles	22	8	(A)	(A)
Animal related calls	516	767	449	449
Citizen complaints	9	17	11	11
Noise complaints	2,793	3,158	2,862	2,862
Moving violations	5,321	3,643	3,472	3,472
Parking violations	19,124	22,866	25,372	25,372
Public works:				
Annual vandalism expenses	\$27,207	\$27,207	\$72,000	\$72,000
Parks and Community Service:				
Recreation class participants	15,517	18,913	29,737	29,737
Water:				
Water service connections	15,292	15,806	15,806	15,806
Average daily consumption (thousands of gallons)	11,652	11,898	11,111	12,181
Solid Waste: ¹				
Tons of solid waste	53,888	54,280	60,143	59,171
Tons of solid waste diverted from landfill reuse, waste reduction, etc.	21,972	23,157	24,422	24,864

¹ Note: does not include reuse, waste reduction, etc.

Source: City of Davis

Note: (A) Information not available

Fiscal Year					
2005	2006	2007	2008	2009	2010
240	216	216	232	265	229
2,010	2,036	2,036	2,281	2,432	2,416
1,254	1,402	1,402	1,490	1,573	1,524
1,247	1,590	1,590	1,195	1,563	1,799
\$792,863	\$792,863	\$905,185	\$2,569,901	1,980,190	597,732
8,054	21,602	21,602	8,920	9,095	11,203
58,256	61,646	61,646	57,326	61,328	56,315
2,527	2,368	2,368	2,543	2,464	1,792
877	1,083	1,083	1,047	917	727
230	305	305	173	245	166
\$3,079,862	\$2,815,926	\$2,815,926	\$2,555,708	\$3,316,075	\$2,213,102
\$1,160,869	\$69,142	\$691,422	\$605,887	\$763,045	\$778,997
7,902	7,430	7,430	6,968	6,815	5,929
(A)	(A)	(A)	(A)	(A)	
(A)	(A)	(A)	(A)	(A)	
471	217	217	588	283	276
23	34	34	33	20	32
3,526	3,288	3,288	2,708	601	2,751
3,526	6,698	6,698	6,059	5,651	4,116
25,466	26,445	26,445	18,483	17,116	17,993
\$72,000	\$72,000	\$17,744	\$37,553	11,415	51,916
16,270	33,640	24,152	24,407	24,720	20,327
15,371	16,229	16,229	16,292	16,292	16,325
11,548	10,862	11,972	11,551	10,286	n/a
59,101	59,281	55,695	54,259	49,818	n/a
24,095	25,066	23,155	23,863	21,992	n/a

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

	Fiscal Year			
	2001	2002	2003	2004
Function/Program				
Public safety:				
Fire stations	3	3	3	3
Number of firefighters and officers	45	45	46	46
Number of chief officers	4	4	4	4
Police stations	1	1	1	1
Number of sworn personnel	54	54	55	55
Public works				
Miles of streets	155	156	155	155
Street lights	4,983	5,095	5,101	5,101
Traffic Signals	54	56	54	54
Culture and recreation:				
Community services:				
City parks	30	31	31	31
City trees	30,000	30,000	30,000	30,000
Miles of on-street bike lanes	48	49	48	48
Miles of off-street bike paths	48	49	48	48
Senior centers	n/a	n/a	n/a	n/a
Swimming pools	5	4	4	4
Tennis courts	25	25	33	33
City buildings maintained	83	83	84	84
Square footage of City Buildings	287,092	287,092	287,631	287,631
Water				
Miles of water mains	170	175	179	179
Number of wells	22	20	20	20
Fire hydrants	1,644	1,667	1,667	1,667
Wastewater				
Miles of sewer mains	154	162	173	173
Miles of storm sewers	92	94	124	124
Wastewater treated (thousands of gallons)	1,330,000	2,220,000	2,101,000	2,101,000

Source: City of Davis

Note: n/a denotes information is not available.

Fiscal Year					
2005	2006	2007	2008	2009	2010
3	3	3	3	3	3
46	46	46	46	46	46
4	4	4	4	4	3
1	1	1	1	1	1
60	60	60	61	61	61
157	257	157	162	165	165
5,494	5,494	5,494	5,403	5,426	5,676
54	54	54	60	60	60
31	31	31	31	31	31
30,000	30,000	30,000	30,000	26,000	26,000
51	51	51	54	54	55
51	51	51	55	55	56
n/a	n/a	n/a	n/a	n/a	1
4	4	4	4	4	4
32	33	33	33	33	33
88	87	87	87	87	87
29,700	296,694	296,694	301,853	305,093	305,093
179	180	180	178	179	180
23	23	23	21	20	20
1,938	1,938	1,942	1,699	1,703	1,703
162	162	162	156	157	164
95	95	95	126	127	127
2,141,000	2,141,000	2,141,000	2,460,000	2,002,000	2,001,997

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