

City of Davis

Comprehensive

Annual Financial Report

For the Fiscal Year Ended June 30, 2011



CITY OF DAVIS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2011

PREPARED BY
FINANCE DEPARTMENT

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CITY OF DAVIS, CALIFORNIA

Comprehensive Annual Financial Report
For the Year Ended June 30, 2011

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Finance Department
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Accounts Payable & Payroll: 530/757-5615 – City Hall FAX: 530/758-0204
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December 14, 2011

Honorable Mayor and City Council
City of Davis
Davis, California

Herein is transmitted the Comprehensive Annual Financial Report (CAFR) of the City of Davis for the Fiscal Year ended June 30, 2011. This report was prepared by the City Manager's Office and responsibility for accuracy, 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 CAFR includes information for all funds of the City of Davis supporting of the provision of services to its citizens in the areas of public safety; community development, planning and sustainability; recreation, cultural and social assistance; transportation and infrastructure support; water, waste water and sanitation utilities, as well as general government activities.

In addition to the operations of the City of Davis, the City Council also has financial responsibility and accountability for the following separate legal 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.

In conjunction with the annual CAFR, the City is also 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 (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. The City's Single Audit for Fiscal Year 2010-2011 will be completed in January of 2012 and a separate Single Audit Report will be issued.

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

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

The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated service of the entire Finance Division, with support from staff from throughout the organization.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Paul Navazio", with a long, sweeping horizontal line extending to the right.

Paul Navazio
Assistant City Manager

ATTACHMENT A

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The City of Davis is a general law city and employs the Council/Manager form of government. The City Council is comprised of five council members. One of these serves as the Mayor and another as the Mayor Pro 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 the University of California-Davis, the City’s local economy has traditionally mirrored employment trends in these two institutions.

UC Davis represents, by far, the largest employer in the Davis area with approximately 28,000 full time and part-time employees. The University has approximately 31,300 students enrolled. In part to respond to continued reductions in State funding, University officials have recently announced plans to increase enrollment by 5,000 students over the next few years. A number of significant infrastructure projects are being undertaken on the campus to prepare for this growth. Joint planning efforts between University and City continue to receive greater emphasis with the goal of ensuring that the campus and the community can accommodate a growing student population, as well as capitalize on economic development opportunities from leveraging university and community assets.

UC Davis has been estimated to contribute over \$2.5 billion annually to the regional economy. In addition to 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 to suffer severe impacts from the current recession. During the most recent period of economic growth, the region enjoyed among the highest percentage gains in population, employment, income, and retail sales than any other areas in the State. However, over the past five years, the collapse of the housing market, combined with the downturn in the general economy, have drastically impacted tax revenues relied upon by public agencies at all levels of government.

The City of Davis has not been immune to the impacts of the current economy on our overall financial condition, and thus our ability to sustain the breadth of services enjoyed by our citizens. Like most other local government entities, the City has been forced to balance its annual operating budgets in the face of declining revenues, pressures from escalating employee benefit costs and increased efforts to address long-term unfunded liabilities.

Despite the general economic malaise and challenging fiscal environment, the City of Davis has fared better than many communities throughout the region and the State due, in part, to purposeful policy choices enacted by the City Council. For example, the City was very careful to manage recent growth, placing a strong emphasis on fiscally sustainable land use. As a result, the City has yet to experience a year-to-year decline in overall assessed property values, and avoided net declines in property tax revenues. Sales tax revenues from retail activity have been negatively impacted, but the City has historically resisted the temptation to chase sales tax revenues, focusing primarily on policies that support the unique character of the downtown as a center for arts and entertainment.

The City has also benefited from sound financial management practices. The City has successfully utilized long-term financial planning to distinguish long-term sustainable revenues from one-time revenue windfalls, and has worked with its employee groups to mitigate impacts of increased costs of retirement and health benefits. As a result, the City has thus far been able to maintain manage its expenditures so as to minimize impacts on direct services, and maintain its General Fund reserves at levels largely consistent with City Council policy.

Like all local governments, the City of Davis continues to be threatened by adverse impacts from the State budget. Over the past several years, cities have successfully secured protections against State raids of local shares of property and sales tax revenues. However, this past year the City's Redevelopment Agency was required to make a payment of \$659,435 to the State, on the heels of a payment of \$3.2 million made in FY 2009-10. The passage of Proposition 22, which strengthened the constitutional protections against shifting of redevelopment funds to the State, it did not stop the Governor from proposing the outright elimination of Redevelopment Agencies as part this current year's budget. Looking ahead, recent estimates suggested the State would need to close an additional \$21 billion gap over the next 18 months, through FY 2012-13.

Looking ahead, the City is developing its financial plans based on conservative revenue estimates and adjustments to the budget required to address our long-term unfunded liabilities. Current forecasts reflect that revenues will not return to the peaks witnessed in FY2008/09 until at least FY2014/15, suggesting the need for ongoing cost-savings measures to preserve - to the maximum extent - delivery of services to the community. It is also apparent that increased contingency planning and legislative advocacy efforts are called for in order to mitigate the potential impacts of actions likely to be put forth by the Governor and State Legislature.

ATTACHMENT B

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. The City's financial statements have been prepared in accordance with the recent requirements of GASB 54 pertaining to designation of funds and fund balances.

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, 2011 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 expenditures 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 FY2010/11, a significant portion of the City's pooled cash remained 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 \$660,422 a return of 0.654%.

At the June 30, 2011 close of the City's fiscal year, \$114,827,595 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 C

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, not only during this most recent audit process, but over the past several years for which they have served as the City's independent auditor.

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. However, the City did apply for, and received, the GFOA Certificate of Achievement for Excellence in Financial Reporting for the fiscal year ended June 30, 2010. 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 again submitting it to the GFOA to determine its eligibility for another certificate award.

PRINCIPAL OFFICIALS

CITY OF DAVIS

JUNE 30, 2011

CITY COUNCIL

Mayor	Joe Krovoza
Mayor Pro-Tem	Rochelle Swanson
Councilmember	Dan Wolk
Councilmember	Stephen Souza
Councilmember	Sue Greenwald

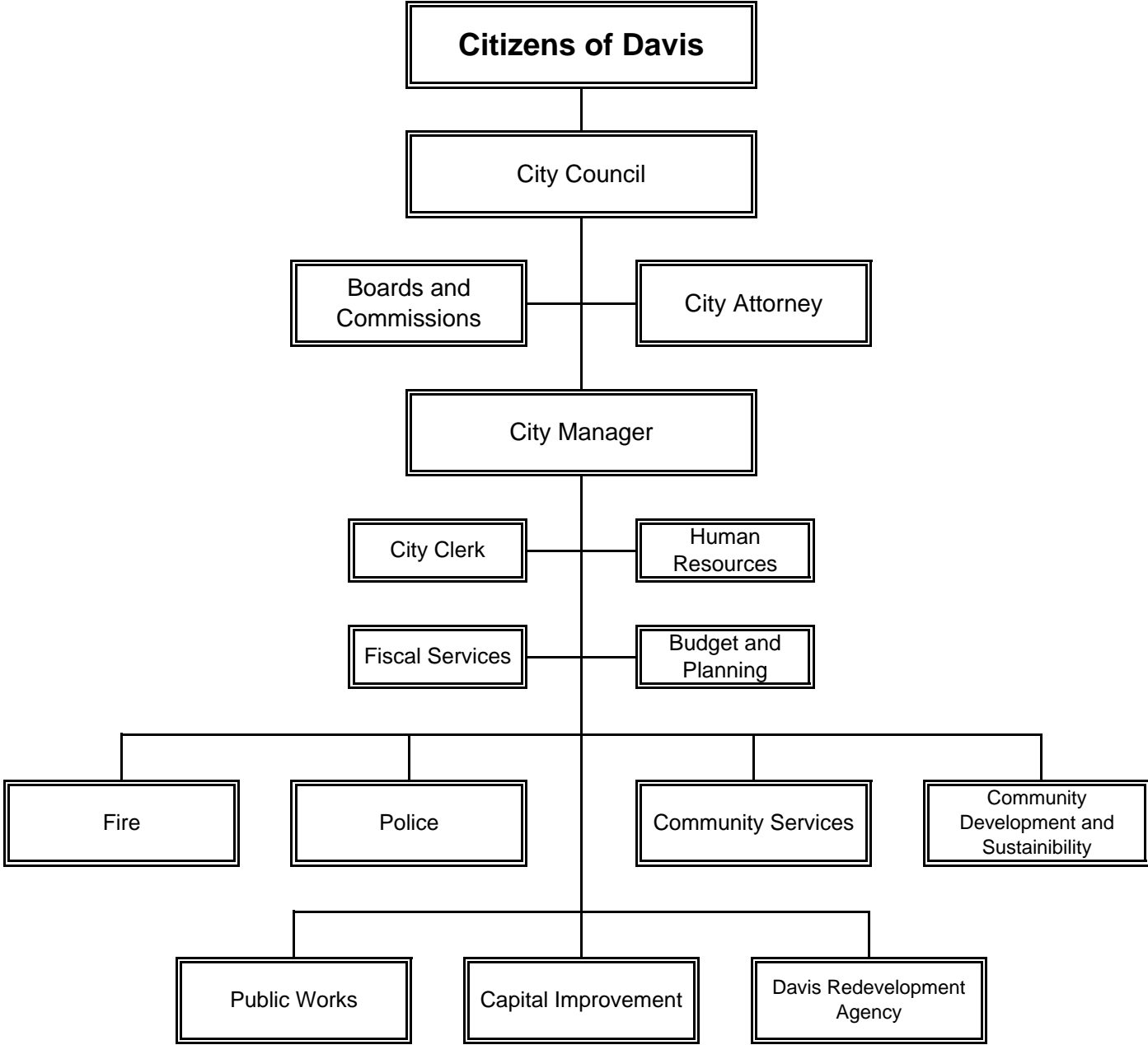
ADMINISTRATIVE OFFICIALS

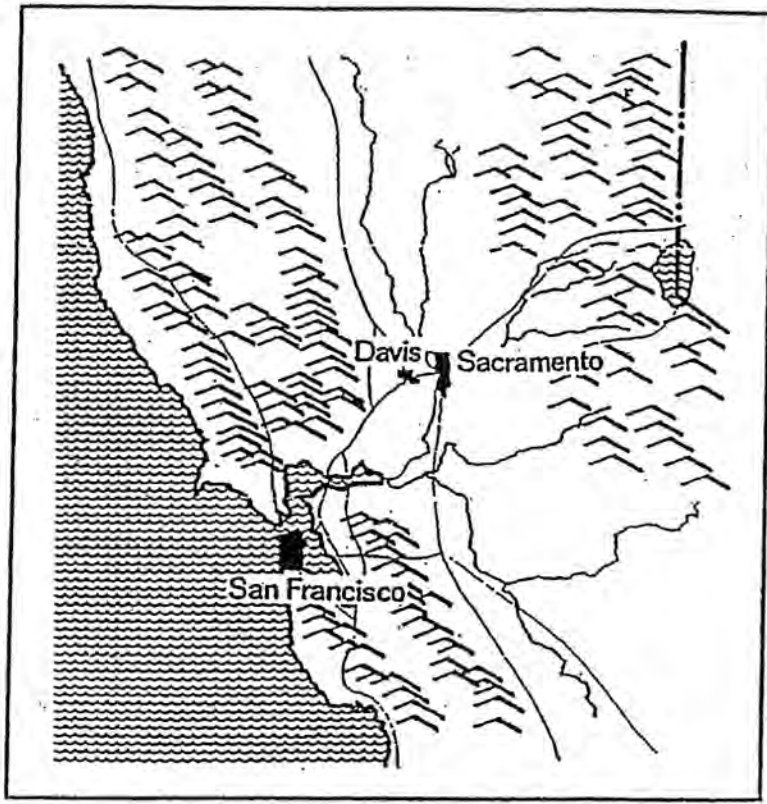
Interim City Manager	Paul Navazio
City Attorney	Harriet Steiner
City Clerk	Zoe Mirabile
Chief of Police	Landy Black
Community Development Director	Ken Hiatt
Interim Fire Chief	Bill Weisgerber
Interim Public Works Director	Bob Clarke
Community Services Director	Elvia Garcia-Ayala

ADMINISTRATIVE STAFF

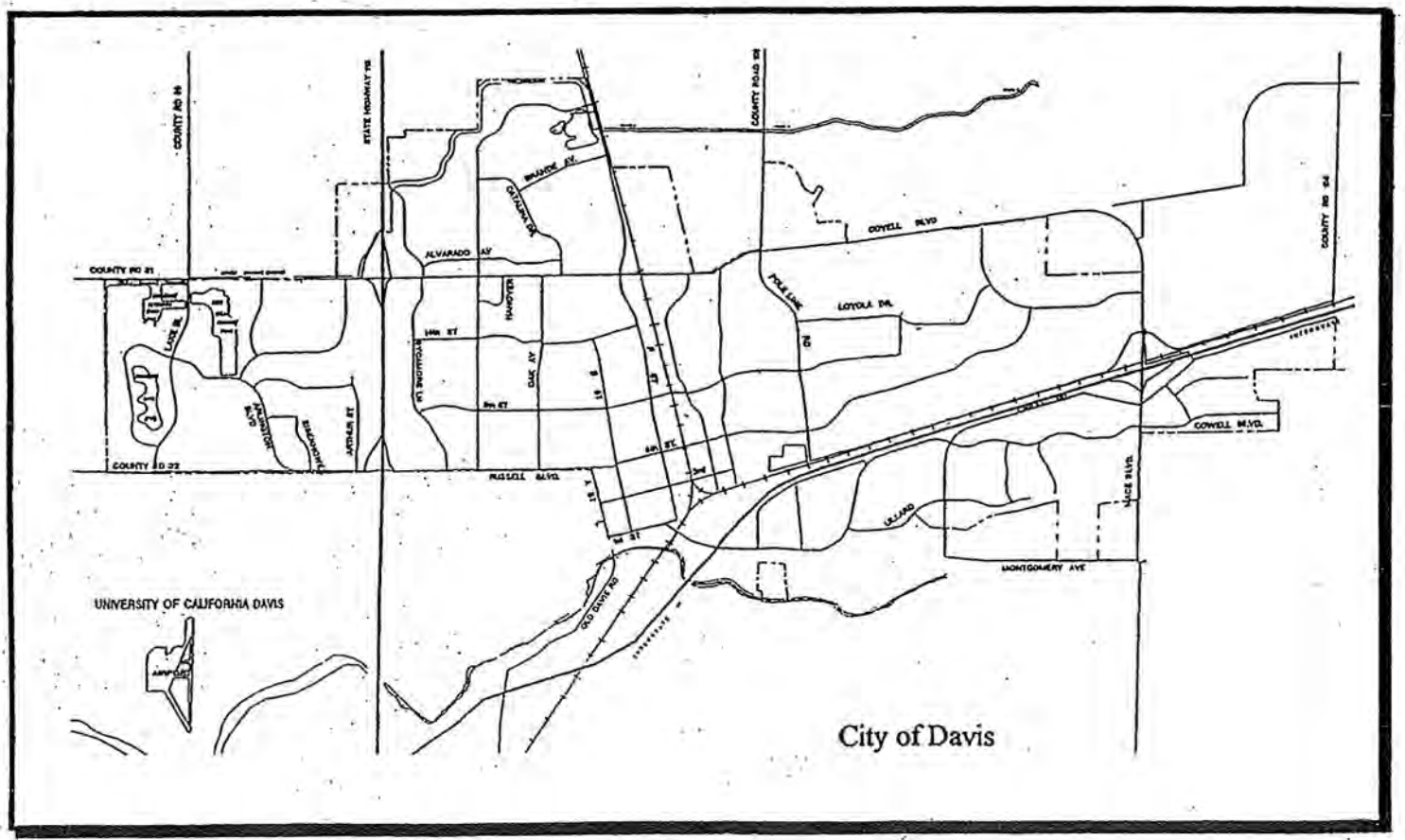
Financial Services Manager	Gail Buller
Accountant	Pam Day
Financial Supervisor	Kellie Bruton
Financial Associate	Karen Bordigon

City of Davis Organizational Chart





Regional Location



City of Davis

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, 2011, 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, 2011, 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.

As disclosed in Note 16, the State of California adopted ABx1 26 on June 28, 2011, which suspends all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by opting into an "alternative voluntary redevelopment program" requiring specified substantial annual contributions to local schools and special districts. These conditions raise substantial doubt about the ability of the Redevelopment Agency of the City of Davis, a component unit of the City, to continue as a going concern. However, on August 11, 2011, the California Supreme Court issued a partial stay of ABx1 26 and a full stay of ABx1 27, but the partial stay did not include the section of ABx1 26 that suspends all new redevelopment activities. As a result, the accompanying financial statements have been prepared assuming that the Redevelopment Agency of the City of Davis will continue as a going concern. The activities of the Redevelopment Agency of the City of Davis are included in the Redevelopment Agency Fund, Redevelopment Agency Low Income Housing Fund, and Redevelopment Agency Capital Projects Fund, and Redevelopment Agency Debt Service Fund of the accompanying financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

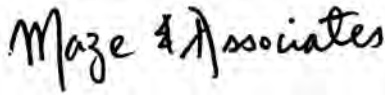
As of July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. As discussed in Note 8 to the financial statements, the provisions of this statement affect the classification of fund balances reported in the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated December 15, 2011 on our consideration of the City of Davis' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

A handwritten signature in black ink that reads "Maze & Associates". The signature is written in a cursive, flowing style.

December 15, 2011

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 2010/11 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 2010/11 fiscal year include the following:

Citywide

- The City's total net assets decreased \$18.3 million to \$568 million in fiscal year 2011. At June 30, 2010 the City's net assets totaled \$586 million.
- Total City revenues, including program and general revenues were \$108.6 million, which was a decrease of \$9.5 million from the prior year's \$118.1 million.
- Total Citywide expenses were \$121.5 million, a decrease of \$12.7 million from the prior year's \$134.3 million.
- Net assets in Governmental funds decreased \$22.3 million, while net assets in Business-type Activities increased \$3.9 million.
- Governmental Program Revenues decreased \$1.6 million from fiscal year 2010's \$27.8 million.
- Governmental Program Expenses decreased \$5.6 million from \$91.6 million in fiscal 2010.
- Revenues from Business-type Activities decreased \$7.6 million in fiscal 2011 from \$44.9 million in fiscal 2010.
- Expenses of Business-type Activities decreased \$7.2 million in fiscal 2011 from \$42.7 million in fiscal 2010.

Fund level

- Governmental Fund balances increased to \$103.9 million in fiscal 2011 from the prior year's \$94.7 million.
- Governmental Fund revenues decreased \$2.1 million in fiscal 2011 from the prior year's \$72.6 million.
- Governmental Fund expenditures increased to \$79.2 million in fiscal 2011, up \$2.7 million from the prior year's \$76.5 million.
- General Fund balance of \$6.5 million in fiscal 2011 is up \$1.0 million from the prior year's \$5.5 million.
- General Fund revenues increased to \$37.94 million, down \$0.15 million from the prior year's \$37.93 million and expenditures decreased \$1.08 million from prior year's \$38.79 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.

Table 1
Governmental Net Assets at June 30, 2011
(in Millions)

	<u>Governmental Activities</u>	
	2011	2010
Cash and investments	84.509	67.486
Other assets	38.189	45.893
Capital assets	<u>249.922</u>	<u>265.077</u>
Total Assets	<u>372.620</u>	<u>378.456</u>
Long-term debt outstanding	46.191	29.685
Other liabilities	<u>20.011</u>	<u>20.090</u>
Total Liabilities	<u>66.202</u>	<u>49.775</u>
Net assets:		
Invested in capital assets, net of debt	219.145	239.049
Restricted	95.845	87.065
Unrestricted	<u>-8.572</u>	<u>2.567</u>
Total net assets	<u>306.418</u>	<u>328.681</u>

The City's net assets decreased \$22.3 million in 2011. This decrease, also noted in the Change in Net Assets shown in Table 2, is explained below:

- Cash and investments increased \$17.0 million and consists of \$67.1 million available to fund ongoing City operations. The remaining \$17.4 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 \$15.1 million mainly due to depreciation of certain assets, which for this year exceeded the value of additions to assets, and a change in accounting measurement due to a new capitalization policy which increased the capital asset threshold retroactively (See note 5D).
- Other assets consist primarily of accounts receivables, loans and other receivables.
- Long-term debt increased \$16.5 million due to the normal, scheduled retirement of existing obligations, and due to new debt issued by the Redevelopment Agency of the City of Davis.
- 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 \$219.1 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.

Fiscal Year 2011 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, 2011
(in Millions)

	<u>Governmental Activities</u>	
	2011	2010
Expenses		
City Council	0.174	0.120
City Attorney	0.308	0.331
City Manager	2.465	2.158
Finance	2.207	2.113
Community Development	3.307	2.999
Parks and Community Services	21.142	27.268
Public Safety - Fire	9.364	10.612
Public Safety - Police	15.861	17.161
Public Works	11.608	16.265
Special projects	16.767	11.099
Interest on debt	<u>2.798</u>	<u>1.429</u>
Total expenses	<u>86.001</u>	<u>91.555</u>
Revenues		
Program revenues:		
Charges for services	10.237	9.447
Operating contributions and grants	15.277	17.536
Development impact fees and permits	<u>0.656</u>	<u>0.796</u>
Total program revenues	<u>26.170</u>	<u>27.779</u>
General revenues:		
Taxes	36.574	38.840
Motor vehicle in-lieu	5.213	5.055
Investment income	0.236	0.558
Miscellaneous	2.496	0.543
Transfers, net	<u> </u>	<u> </u>
Total general revenues	<u>44.519</u>	<u>44.996</u>
Total revenues	<u>70.689</u>	<u>72.775</u>
Change in Accounting Measurement	6.951	
Changes in net assets	<u>(22.263)</u>	<u>(18.780)</u>

Governmental revenue decreased \$2.0 million mostly due to decreases in grant revenues (\$2.3 million) and taxes (2.3 million), which were partially offset by a smaller increase in miscellaneous revenue (\$1.9 million) and charges for services (\$.8 million).

Expenses decreased \$5.6 million in fiscal 2011. Special projects expenditures increased \$5.7 million, whereas public works expenditures decreased 4.6 million and parks and community services expenditures decreased \$6.1 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, 2011
(in Millions)

	<u>Net (Expense) Revenue</u>		<u>Net Change</u>
	<u>From Services</u>		
	<u>2011</u>	<u>2010</u>	
City Council	(0.174)	(0.120)	(0.054)
City Attorney	(0.293)	(0.286)	(0.007)
City Manager	(2.459)	(2.099)	(0.360)
Finance	0.386	0.286	0.100
Community Development	(0.928)	(1.218)	0.290
Parks and Community Services	(10.601)	(13.757)	3.156
Public Safety - Fire	(6.008)	(7.122)	1.114
Public Safety - Police	(14.278)	(15.323)	1.045
Public Works	(7.091)	(12.933)	5.842
Special projects	(15.587)	(9.776)	(5.811)
Interest on debt	(2.798)	(1.429)	(1.369)

- 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, 2011
(in Millions)

	<u>Business-Type Activities</u>	
	2011	2010
Cash and investments	39.840	32.619
Other current assets	5.122	3.283
Capital assets	<u>245.181</u>	<u>241.313</u>
Total Assets	<u>290.143</u>	<u>277.215</u>
Long-term debt outstanding	21.926	13.145
Other liabilities	<u>7.118</u>	<u>6.938</u>
Total Liabilities	<u>29.044</u>	<u>20.083</u>
Net assets:		
Invested in capital assets, net of related debt	223.255	228.168
Restricted	0.070	0.000
Unrestricted	<u>37.774</u>	<u>28.963</u>
Total net assets	<u>261.099</u>	<u>257.131</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, 2011
(in Millions)

		<u>Business-Type Activities</u>	
		2011	2010
Expenses			
	Water	9.946	10.266
	Sanitation	9.169	8.986
	Sewer	8.247	8.728
	Storm sewer	3.868	2.948
	Public transit	<u>4.307</u>	<u>11.787</u>
	Total expenses	<u>35.537</u>	<u>42.715</u>
Revenues			
	Program revenues:		
	Charges for services	33.315	33.173
	Operating contributions and grants	3.999	11.750
	Development impact fees and permits	<u>0.000</u>	<u>0.000</u>
	Total program revenues	<u>37.314</u>	<u>44.923</u>
	General revenues:		
	Investment income	0.299	0.319
	Miscellaneous	0.339	0.131
	Transfers, net	<u> </u>	<u> </u>
	Total general revenues	<u>0.638</u>	<u>0.450</u>
	Total revenues	<u>37.952</u>	<u>45.373</u>
	Changes in net assets	<u>2.415</u>	<u>2.658</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, 2011
(in Millions)

	<u>2011</u>	<u>2010</u>	<u>Net Change</u>
Total assets	112.382	104.088	8.294
Total liabilities	8.521	9.370	(0.849)
Total fund balances	103.861	94.717	9.144
Total revenues	70.550	72.643	(2.093)
Total expenditures	79.212	76.485	2.727
Total other financing sources (uses)	17.805	0.032	17.773

Governmental Funds

At June 30, 2011, the City's governmental funds reported combined fund balances of \$103.8 million, which is an increase of \$9.1 million compared with last year.

Revenues at the fund level decreased \$2.1 million this year to \$70.6 million. The General Fund accounted for 53.8%, Child Care Grant Fund accounted for 10.9% and the Redevelopment Agency accounted for 15.3% of this revenue. The remainder was primarily in the Non-Major funds. Governmental expenditures increased \$2.7 million to \$79.2 million, of which the General Fund generated 47.6%, Child Care Grant Fund accounted for 9.7% and the Redevelopment Agency expenditures generated 11.8%. The remainder was spent in Non-Major funds.

Proprietary Funds

Enterprise Fund net assets increased \$4.0 million to \$261.1 million at June 30, 2011. Enterprise operating revenues increased \$0.1 million to \$33.3 million this year, while net non-operating revenues decreased to \$4.6 million from last year's \$12.2 million.

Enterprise Fund operating expenses decreased \$7.5 million to \$34.6 million in FY 2011.

Analysis of Major Governmental Funds

General Fund

General Fund revenues consisted primarily of property taxes and other taxes, which increased \$0.1 million to \$28.5 million or 75.0% of total fund revenue, for the year ended June 30, 2011. Charges for current services showed an increase of \$0.4 million and represented 13.3% of total fund revenue. Other General Fund revenues showed increases and decreases and contributed to an overall increase of \$0.16 million.

General Fund expenditures decreased \$1.1 million and consisted primarily of parks and community services (25%); police (35%) and fire (21%) for the year ended June 30, 2011. 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 revenue, 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, 2011 the General Fund Balance held \$6.5 million in unassigned fund balances and \$0.2 million in nonspendable fund balances. The fund balance increased \$1.0 million this year.

Child Care Grant

Child Care Grant fund revenues consist primarily of grant revenue which decreased \$2.2 million and totaled \$7.5 million or 97.4% of total fund revenue, for the year ended June 30, 2011.

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, 2011 the Child Care fund balance held \$81,595 in restricted fund balance.

Redevelopment Agency

The Redevelopment Agency revenues consist primarily of property tax increment, which decreased \$3,123 to a total of \$10.4 million. The Redevelopment Agency received \$8.3 million of the tax increment, or 97.1% of total fund revenue, for the year ended June 30, 2011. The Redevelopment Agency Low Income Housing received the remaining \$2.09 million.

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

On June 30, 2011 the Redevelopment Agency fund balance held \$1,197,811 in restricted fund balance. The restricted fund balance is primarily due to a reserve for encumbrances.

Redevelopment Agency Low Income Housing Fund

The majority of the revenues for the Redevelopment Agency Low Income Housing Fund were the 20% set-aside of the property tax increment, which totaled \$2.09 million or 93.4% of total fund revenue for the fiscal year ended June 30, 2011.

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

At June 30, 2011 the Redevelopment Agency Low Income Housing Fund held \$7.57 million in restricted fund balance.

Development Deferred Improvement

The Development Deferred Improvement revenues decreased \$0.7 million and consist primarily of development impact fees in the amount of \$0.4 million (\$27,976 increase) or 84.8% of total fund revenues, interest income in the amount of \$74,427 (\$142,119 decrease) or 15.2% of total fund revenues for the year ended June 30, 2011. 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 increased \$0.3 million and comprise \$1.4 million or 74.5% of total expenditures.

At June 30, 2011 the Development Deferred Improvements Fund held \$23.6 million in restricted fund balance. The fund balance in this fund can only be used for capital projects.

Low/Mod Housing Fund

The Low/Mod Housing fund revenues increased \$0.6 million and consist primarily of investment income in the amount of \$0.3 million or 53.9% of total fund revenues, for the year ended June 30, 2011.

Primary expenditures for the Low/Mod Housing fund are for special projects. Special projects expenditures increased \$6.7 million and comprise 100% of total expenditures.

At June 30, 2011 the Low/Mod Housing Fund held \$18.1 million in restricted fund balance.

Proprietary Funds

Water

Water Fund revenues consist primarily of charges for services to the residents of Davis in the amount of \$10.1 million or 97.1% of total fund revenues. This represents a \$0.2 million increase in fee revenue.

Primary expenditures are for water production, distribution and system maintenance (\$6.0 million). There was a \$558,819 decrease 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 99.2% of total fund revenues. Revenues decreased slightly (\$12,356) from the prior year.

Primary expenditures are for waste collection and street sweeping (\$8.6 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 \$12.6 million or 98.1% of total fund revenues. Sewer fee revenue decreased \$0.1 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 \$1.6 million or 95.9% of total fund revenues. Fee revenue increased \$41,967.

Primary expenditures are for storm drainage system maintenance (\$1.5 million). Expenditures increased \$901,579 from the prior year.

Public Transit

Public Transit fund revenues consist primarily of operating grants and subventions in the amount of \$4.0 million or 96.6% of total fund revenues. Grants and subventions decreased \$7.7 million.

Primary expenditures are for the provision of public transportation services (\$4.2 million). This reflects an decrease in expenditures of \$7.4 million primarily due to fluctuations of 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 2011 the City had \$495.1 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, 2011
(in Millions)

	<u>2011</u>	<u>2010</u>	<u>Net Change</u>
Governmental activities:			
Land	53.858	66.433	-12.575
Construction in progress	3.733	34.004	-30.271
Buildings and improvements	42.278	31.558	10.720
Equipment	7.791	14.124	-6.333
Infrastructure - Streets	254.032	243.440	10.592
Infrastructure - Parks	62.815	53.802	9.013
Infrastructure - Bike/Ped Paths	13.664	12.406	1.258
	<u>-188.249</u>	<u>-190.689</u>	<u>2.440</u>
Totals	<u>249.922</u>	<u>265.078</u>	<u>-15.156</u>
Business-type activities:			
Land	21.783	5.868	15.915
Construction in progress	18.533	21.273	-2.740
Buildings	173.096	153.398	19.698
Pipes and Lines	136.965	137.214	-0.249
Equipment	10.706	26.614	-15.908
	<u>-115.902</u>	<u>-103.054</u>	<u>-12.848</u>
Totals	<u>245.181</u>	<u>241.313</u>	<u>3.868</u>

Debt Administration

Each of the City's debt issues is discussed in detail in Note 6 to the financial statements. At June 30, 2011 the City's debt comprised:

Table 8
Outstanding Debt at June 30, 2011
(in Millions)

	<u>2011</u>	<u>2010</u>	<u>Net Change</u>
Governmental activities:	46.191	29.685	16.506
Business-type activities:	<u>21.926</u>	<u>13.145</u>	<u>8.781</u>
Totals	<u>68.117</u>	<u>42.830</u>	<u>25.287</u>

Special Assessment District Debt

At June 30, 2011, a total of \$31.103 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.

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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, 2011

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 2)	\$67,109,148	\$39,127,384	\$106,236,532
Cash with fiscal agents (Note 2)	17,399,839	713,357	18,113,196
Accrued interest	89,868	67,129	156,997
Receivables:			
General accounts	4,080,321	2,466,508	6,546,829
Grants	3,431,558	1,964,249	5,395,807
Utility accounts	446,336	3,512,827	3,959,163
Loans (Note 4)	26,456,061		26,456,061
Mortgages (Note 4)	460,067		460,067
Prepaid expenses			
Inventory	336,040		336,040
Internal balances (Note 3D)	2,888,780	(2,888,780)	
Capital assets (Note 5):			
Non-depreciable	57,591,250	40,316,772	97,908,022
Depreciable, net of depreciation	192,330,982	204,863,940	397,194,922
Total Assets	372,620,250	290,143,386	662,763,636
LIABILITIES			
Payables:			
Accounts	3,853,968	1,969,806	5,823,774
Grants	25,809		25,809
Interest	548,209		548,209
Deposits	1,570,345	53,225	1,623,570
Unearned revenue	1,299,048	2,057,579	3,356,627
OPEB liability, due in more than one year (Note 10)	9,670,844	2,621,730	12,292,574
Claims payable (Note 12)			
Due within one year	131,821		131,821
Due in more than one year	275,056		275,056
Compensated absences (Note 1H)			
Due within one year	123,614	416,047	539,661
Due in more than one year	2,511,884		2,511,884
Long-term debt (Note 6):			
Due within one year	1,596,295	1,533,367	3,129,662
Due in more than one year	44,595,000	20,392,688	64,987,688
Total Liabilities	66,201,893	29,044,442	95,246,335
NET ASSETS (Note 8):			
Invested in capital assets, net of related debt	219,145,446	223,254,657	442,400,103
Restricted for:			
Capital projects	50,750,454	69,850	50,820,304
Debt service	2,155,059		2,155,059
Redevelopment activities	8,767,547		8,767,547
Housing	20,089,080		20,089,080
Special revenue projects	14,083,120		14,083,120
Total Restricted Net Assets	95,845,260	69,850	95,915,110
Unrestricted	(8,572,349)	37,774,437	29,202,088
Total Net Assets	\$306,418,357	\$261,098,944	\$567,517,301

See accompanying notes to financial statements

CITY OF DAVIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Development Impact Fees and Permits
Governmental Activities:				
City council	\$174,137			
City attorney	307,893	\$15,109		
City manager	2,464,895	6,312		
Finance	2,206,587	2,593,006		
Community development	3,307,303	2,378,826		
Parks and community services	21,141,859	2,740,804	\$7,681,964	\$118,012
Public safety - fire	9,363,884	862,404	2,493,764	
Public safety - police	15,860,788	1,307,246	275,393	
Public works	11,608,385	328,141	3,834,287	355,015
Special projects	16,767,368	5,415	991,840	182,956
Debt service:				
Interest on long-term debt	2,798,312			
Total Governmental Activities	86,001,411	10,237,263	15,277,248	655,983
Business-type Activities:				
Water	9,946,088	10,131,953	6,348	
Sanitation	9,169,294	8,975,404	38,512	
Sewer	8,247,337	12,613,144		
Storm sewer	3,868,242	1,561,457	500	
Public transit	4,306,554	32,585	3,953,145	
Total Business-type Activities	35,537,515	33,314,543	3,998,505	
Total	\$121,538,926	\$43,551,806	\$19,275,753	\$655,983
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Municipal services				
Business license				
Park maintenance				
Construction				
Open space protection				
Franchise				
Transient occupancy				
Intergovernmental, unrestricted:				
Motor vehicle in-lieu				
Investment earnings				
Miscellaneous				
Total general revenues				
Change in Net Assets				
Special Item (Note 5):				
Change in Accounting Measurement				
Beginning Net Assets				
Ending Net Assets				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
(\$174,137)		(\$174,137)
(292,784)		(292,784)
(2,458,583)		(2,458,583)
386,419		386,419
(928,477)		(928,477)
(10,601,079)		(10,601,079)
(6,007,716)		(6,007,716)
(14,278,149)		(14,278,149)
(7,090,942)		(7,090,942)
(15,587,157)		(15,587,157)
<u>(2,798,312)</u>		<u>(2,798,312)</u>
<u>(59,830,917)</u>		<u>(59,830,917)</u>
	\$192,213	192,213
	(155,378)	(155,378)
	4,365,807	4,365,807
	(2,306,285)	(2,306,285)
	<u>(320,824)</u>	<u>(320,824)</u>
	<u>1,775,533</u>	<u>1,775,533</u>
<u>(59,830,917)</u>	<u>1,775,533</u>	<u>(58,055,384)</u>
20,462,811		20,462,811
7,894,939		7,894,939
2,417,072		2,417,072
1,466,725		1,466,725
1,329,056		1,329,056
342,590		342,590
634,857		634,857
1,067,657		1,067,657
958,434		958,434
5,213,376		5,213,376
236,141	298,741	534,882
<u>2,495,652</u>	<u>338,868</u>	<u>2,834,520</u>
<u>44,519,310</u>	<u>637,609</u>	<u>45,156,919</u>
(15,311,607)	2,413,142	(12,898,465)
(6,950,823)	1,554,786	(5,396,037)
<u>328,680,787</u>	<u>257,131,016</u>	<u>585,811,803</u>
<u>\$306,418,357</u>	<u>\$261,098,944</u>	<u>\$567,517,301</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 2011. 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.

LOW/MOD HOUSING FUND

This fund is used to develop, rehabilitate, and preserve affordable housing that serves households from extremely low to moderate incomes.

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011

	<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)	\$6,610,386	\$995,014	\$981,997	\$7,611,325
Cash with fiscal agents (Note 2)				
Accrued interest	3,391	574		9,372
Receivables:				
General accounts	2,946,187	5,091	249,163	
Grants	1,075,528	269,504		
Utility accounts	240,105			
Loans (Note 4)	190,606		36,796	
Mortgages (Note 4)				
Due from other funds (Note 3A)				
Total Assets	<u>\$11,066,203</u>	<u>\$1,270,183</u>	<u>\$1,267,956</u>	<u>\$7,620,697</u>
LIABILITIES				
Payables:				
Accounts	\$2,253,782	\$830,129	\$57,376	\$50,961
Grants		25,809		
Deposits	1,359,456		12,769	
Deferred revenue	911,707	332,650		
Due to other funds (Note 3A)				
Total Liabilities	<u>4,524,945</u>	<u>1,188,588</u>	<u>70,145</u>	<u>50,961</u>
FUND BALANCES				
Fund balance (Note 8):				
Nonspendable	190,606			
Restricted		81,595	1,197,811	7,569,736
Committed				
Assigned				
Unassigned	<u>6,350,652</u>			
Total Fund Balances	<u>6,541,258</u>	<u>81,595</u>	<u>1,197,811</u>	<u>7,569,736</u>
Total Liabilities and Fund Balances	<u>\$11,066,203</u>	<u>\$1,270,183</u>	<u>\$1,267,956</u>	<u>\$7,620,697</u>

See accompanying notes to financial statements

<u>Development Deferred Improvement</u>	<u>Low/ Mod Housing Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$17,843,468	\$648,651	\$19,856,325	\$54,547,166
		17,399,839	17,399,839
31,915	3,444	24,270	72,966
282,393	5,000	342,085	3,829,919
		2,086,526	3,431,558
		206,231	446,336
	17,557,807	8,670,852	26,456,061
	246,786	213,281	460,067
<u>5,737,920</u>			<u>5,737,920</u>
<u>\$23,895,696</u>	<u>\$18,461,688</u>	<u>\$48,799,409</u>	<u>\$112,381,832</u>
\$10,652	\$55,392	\$437,821	\$3,696,113
			25,809
172,989	11,806	13,325	1,570,345
	265,003	441,142	1,950,502
		1,278,390	1,278,390
<u>183,641</u>	<u>332,201</u>	<u>2,170,678</u>	<u>8,521,159</u>
23,712,055	18,129,487	37,129,018	190,606
		9,899,535	87,819,702
		(399,822)	9,899,535
			<u>5,950,830</u>
<u>23,712,055</u>	<u>18,129,487</u>	<u>46,628,731</u>	<u>103,860,673</u>
<u>\$23,895,696</u>	<u>\$18,461,688</u>	<u>\$48,799,409</u>	<u>\$112,381,832</u>

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CITY OF DAVIS
RECONCILIATION OF THE
GOVERNMENTAL FUNDS - FUND BALANCE
WITH THE
STATEMENT OF NET ASSETS
JUNE 30, 2011

Total fund balances reported on the governmental funds balance sheet \$103,860,673

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. 245,449,334

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	12,561,982
Accrued interest	16,902
Accounts receivable	250,402
Inventory	336,040
Capital assets, net	4,472,898
Accounts payable	(157,855)
Leave benefits payable	(123,614)
Claims payable	(406,877)
Unearned revenue	(4,764)
Internal balances	(1,570,750)

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. 656,218

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	(46,191,295)
Net OPEB obligations, due in more than one year	(9,670,844)
Interest payable	(548,209)
Non-current portion of compensated absences	(2,511,884)

NET ASSETS OF GOVERNMENTAL ACTIVITIES \$306,418,357

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, 2011

	General	Child Care Grant	Redevelopment Agency	Redevelopment Agency Low Income Housing
REVENUES				
Taxes	\$28,514,687		\$8,312,895	\$2,089,214
Licenses and permits	182			
Fines and forfeitures	1,004,144			
Use of money and property	234,750	\$2,208	168,302	126,637
Intergovernmental	656,383	7,487,147	43,957	
Charges for current services	5,046,761	198,638		
Development fees				20,027
Administrative fee - Enterprise Fund	2,296,790			
Other	186,914	2,204	32,085	150
Total Revenues	37,940,611	7,690,197	8,557,239	2,236,028
EXPENDITURES				
Current:				
City Council	161,532			
City Attorney	307,893			
City Manager	1,749,825			
Finance	1,963,212			
Community development	1,653,177		106,835	
Parks and community services	9,274,878	7,720,583		
Public safety - fire	7,805,320			
Public safety - police	13,307,560			
Public works	1,191,572			
Special projects	31,579		8,015,927	670,940
Capital improvements	58,760			
Debt service:				
Principal	187,358			526,441
Interest and fiscal charges	18,201			
Total Expenditures	37,710,867	7,720,583	8,122,762	1,197,381
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	229,744	(30,386)	434,477	1,038,647
OTHER FINANCING SOURCES (USES)				
Issuance of debt (Note 6)				
Transfers in (Note 3C)				
Transfers (out) (Note 3C)	(63,876)		(9,959,947)	(19,514,226)
Total Other Financing Sources (Uses)	(63,876)		(9,959,947)	(19,514,226)
NET CHANGE IN FUND BALANCES	165,868	(30,386)	(9,525,470)	(18,475,579)
BEGINNING FUND BALANCES	6,375,390	111,981	10,723,281	26,045,315
ENDING FUND BALANCES	\$6,541,258	\$81,595	\$1,197,811	\$7,569,736

See accompanying notes to financial statements

<u>Development Deferred Improvement</u>	<u>Low/ Mod Housing Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
		\$2,870,007	\$41,786,803
			182
			1,004,144
\$74,427	\$307,078	117,642	1,031,044
		5,254,914	13,442,401
	44,080	3,409,141	8,698,620
415,090		59,343	494,460
			2,296,790
	218,222	1,356,390	1,795,965
<u>489,517</u>	<u>569,380</u>	<u>13,067,437</u>	<u>70,550,409</u>
			161,532
			307,893
25,000		547,953	2,322,778
93,591		62,211	2,119,014
		1,421,653	3,181,665
		1,668,047	18,663,508
		1,183,571	8,988,891
		1,872,250	15,179,810
315,582		2,703,392	4,210,546
48,495	6,710,504	1,273,177	16,750,622
1,410,631		1,648,753	3,118,144
		780,000	1,493,799
		2,695,320	2,713,521
<u>1,893,299</u>	<u>6,710,504</u>	<u>15,856,327</u>	<u>79,211,723</u>
<u>(1,403,782)</u>	<u>(6,141,124)</u>	<u>(2,788,890)</u>	<u>(8,661,314)</u>
		18,000,000	18,000,000
	18,884,251	10,607,365	29,491,616
		(149,045)	(29,687,094)
	18,884,251	28,458,320	17,804,522
(1,403,782)	12,743,127	25,669,430	9,143,208
25,115,837	5,386,360	20,959,301	94,717,465
<u>\$23,712,055</u>	<u>\$18,129,487</u>	<u>\$46,628,731</u>	<u>\$103,860,673</u>

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, 2011

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 \$9,143,208

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	3,118,144
Non-capitalized expenditures are deducted from fund balance	(1,906,661)
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$1,868,692 which has already been allocated to serviced funds)	(7,313,175)

LONG-TERM DEBT PROCEEDS AND PAYMENTS

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

Repayment of debt principal is added back to fund balance	1,493,799
Proceeds from the issuance of debt is deducted from fund balance	(18,000,000)

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	(84,791)
Deferred revenue	(96,716)
Compensated absences	6,654
Net OPEB obligation	(1,558,710)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

Change in Net Assets - All Internal Service Funds	<u>(113,359)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>(\$15,311,607)</u></u>
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See accompanying notes to financial statements

CITY OF DAVIS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$27,781,990	\$28,351,990	\$28,514,687	\$162,697
Licenses and permits	150	150	182	32
Fines and forfeitures	813,015	813,015	1,004,144	191,129
Use of money and property	361,473	456,353	234,750	(221,603)
Intergovernmental	490,900	534,218	656,383	122,165
Charges for current services	4,309,934	4,691,765	5,046,761	354,996
Administrative fee - Enterprise Fund	2,433,290	2,433,290	2,296,790	(136,500)
Other	454,313	492,413	186,914	(305,499)
	<u>36,645,065</u>	<u>37,773,194</u>	<u>37,940,611</u>	<u>167,417</u>
EXPENDITURES:				
Current:				
City Council	137,229	137,229	161,532	(24,303)
City Attorney	362,967	362,967	307,893	55,074
City Manager	1,928,349	1,961,041	1,749,825	211,216
Finance	2,066,283	2,114,674	1,963,212	151,462
Community development	1,461,869	1,856,338	1,653,177	203,161
Parks and community services	9,780,447	9,998,662	9,274,878	723,784
Public safety - fire	8,275,637	8,301,383	7,805,320	496,063
Public safety - police	13,181,225	13,189,325	13,307,560	(118,235)
Public works	709,815	1,640,891	1,191,572	449,319
Special projects	55,582	55,582	31,579	24,003
Capital improvements		183,749	58,760	124,989
Debt service:				
Principal	187,359	187,359	187,358	1
Interest and fiscal charges	18,300	18,300	18,201	99
	<u>38,165,062</u>	<u>40,007,500</u>	<u>37,710,867</u>	<u>2,296,633</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	<u>(1,519,997)</u>	<u>(2,234,306)</u>	<u>229,744</u>	<u>2,464,050</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)		(64,938)	(63,876)	1,062
		<u>(64,938)</u>	<u>(63,876)</u>	<u>1,062</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	<u>(\$1,519,997)</u>	<u>(\$2,299,244)</u>	165,868	<u>\$2,465,112</u>
Beginning fund balance			<u>6,375,390</u>	
Ending fund balance			<u>\$6,541,258</u>	

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$20,000	\$20,000	\$2,208	(\$17,792)
Intergovernmental	9,923,547	8,380,617	7,487,147	(893,470)
Charges for current services	239,375	239,375	198,638	(40,737)
Other			2,204	2,204
Total Revenues	<u>10,182,922</u>	<u>8,639,992</u>	<u>7,690,197</u>	<u>(949,795)</u>
EXPENDITURES:				
Current:				
Parks and community services	10,183,186	8,610,797	7,720,583	890,214
Special projects		<u>20,264</u>		<u>20,264</u>
Total Expenditures	<u>10,183,186</u>	<u>8,631,061</u>	<u>7,720,583</u>	<u>910,478</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(264)</u>	<u>8,931</u>	<u>(30,386)</u>	<u>(39,317)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$264)</u>	<u>\$8,931</u>	<u>(30,386)</u>	<u>(\$39,317)</u>
Beginning fund balance			<u>111,981</u>	
Ending fund balance			<u><u>\$81,595</u></u>	

See accompanying notes to financial statements

CITY OF DAVIS
REDEVELOPMENT AGENCY FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$7,920,000	\$7,920,000	\$8,312,895	\$392,895
Use of money and property	630,127	630,127	168,302	(461,825)
Intergovernmental	48,220	48,220	43,957	(4,263)
Other	9,000	9,000	32,085	23,085
Total Revenues	<u>8,607,347</u>	<u>8,607,347</u>	<u>8,557,239</u>	<u>(50,108)</u>
EXPENDITURES:				
Current:				
Community development	118,427	108,272	106,835	1,437
Public safety-police	192,998	192,998		192,998
Special projects	5,361,495	9,607,659	8,015,927	1,591,732
Capital improvements:	648	27,738		27,738
Total Expenditures	<u>5,673,568</u>	<u>9,936,667</u>	<u>8,122,762</u>	<u>1,813,905</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,933,779</u>	<u>(1,329,320)</u>	<u>434,477</u>	<u>1,763,797</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 3C)				
Transfers (out) (Note 3C)	<u>(3,636,731)</u>	<u>(10,515,900)</u>	<u>(9,959,947)</u>	<u>555,953</u>
Total other financing sources (uses)	<u>(3,636,731)</u>	<u>(10,515,900)</u>	<u>(9,959,947)</u>	<u>555,953</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$702,952)</u>	<u>(\$11,845,220)</u>	<u>(9,525,470)</u>	<u>\$2,319,750</u>
Beginning fund balance			<u>10,723,281</u>	
Ending fund balance			<u>\$1,197,811</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$1,980,000	\$1,980,000	\$2,089,214	\$109,214
Use of money and property	258,100	370,383	126,637	(243,746)
Development fees	21,200	21,200	20,027	(1,173)
Other			150	150
Total Revenues	<u>2,259,300</u>	<u>2,371,583</u>	<u>2,236,028</u>	<u>(135,555)</u>
EXPENDITURES:				
Current:				
Special projects	469,046	759,553	670,940	88,613
Debt service:				
Principal		586,053	526,441	59,612
Total Expenditures	<u>469,046</u>	<u>1,345,606</u>	<u>1,197,381</u>	<u>148,225</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,790,254</u>	<u>1,025,977</u>	<u>1,038,647</u>	<u>12,670</u>
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 3C)				
Transfers (out) (Note 3C)	<u>(586,053)</u>	<u>(18,884,251)</u>	<u>(19,514,226)</u>	<u>(629,975)</u>
Total other financing sources (uses)	<u>(586,053)</u>	<u>(18,884,251)</u>	<u>(19,514,226)</u>	<u>(629,975)</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$1,204,201</u>	<u>(\$17,858,274)</u>	<u>(18,475,579)</u>	<u>(\$617,305)</u>
Beginning fund balance			<u>26,045,315</u>	
Ending fund balance			<u>\$7,569,736</u>	

See accompanying notes to financial statements

CITY OF DAVIS
 LOW/MOD HOUSING FUND
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$12,600	\$146,160	\$307,078	\$160,918
Charges for services			44,080	44,080
Other		218,223	218,222	(1)
Total Revenues	<u>12,600</u>	<u>364,383</u>	<u>569,380</u>	<u>204,997</u>
EXPENDITURES:				
Current:				
Special projects		6,876,031	6,710,504	165,527
Total Expenditures		<u>6,876,031</u>	<u>6,710,504</u>	<u>165,527</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>12,600</u>	<u>(6,511,648)</u>	<u>(6,141,124)</u>	<u>370,524</u>
OTHER FINANCING SOURCES (USES)				
Transfers in		18,884,251	18,884,251	
Total other financing sources (uses)		<u>18,884,251</u>	<u>18,884,251</u>	
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$12,600</u>	<u>\$12,372,603</u>	12,743,127	<u>\$370,524</u>
Beginning fund balance			<u>5,386,360</u>	
Ending fund balance			<u>\$18,129,487</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, 2011

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
ASSETS				
Current Assets:				
Cash and investments (Note 2)	\$1,961,195	\$1,744,895	\$31,251,037	\$4,170,257
Cash with fiscal agents (Note 2)	\$713,357			
Accrued interest	13,179	3,217	44,621	6,112
Receivables:				
General accounts	2,011,500	603	187,167	265,288
Grants	35,208			
Utility accounts	796,229	877,852	1,588,670	250,076
Inventory				
Total Current Assets	<u>5,530,668</u>	<u>2,626,567</u>	<u>33,071,495</u>	<u>4,691,733</u>
Noncurrent Assets:				
Advances to other funds (Note 3B)				
Capital Assets (Note 5):				
Non-depreciable				
City's investment in JPA facilities	3,795,000			
Other	9,168,835		22,963,401	4,389,536
Depreciable	127,795,333		87,680,288	101,204,501
Accumulated depreciation	<u>(40,036,170)</u>		<u>(42,265,300)</u>	<u>(32,447,361)</u>
Total Noncurrent Assets	<u>100,722,998</u>		<u>68,378,389</u>	<u>73,146,676</u>
Total Assets	<u>106,253,666</u>	<u>2,626,567</u>	<u>101,449,884</u>	<u>77,838,409</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	639,240	709,474	249,511	38,544
Leave benefits payable (Note 1H)	152,793		253,941	
Deposits	44,625		8,600	
Deferred revenue	42,444	792,816	1,080,284	142,035
Due to other funds (Note 3A)				
Claims payable (Note 12)				
Long-term debt, due in one year (Note 6)	<u>587,828</u>		<u>945,539</u>	
Total Current Liabilities	<u>1,466,930</u>	<u>1,502,290</u>	<u>2,537,875</u>	<u>180,579</u>
Noncurrent Liabilities:				
Advances from other funds (Note 3B)			680,686	680,686
OPEB liability	1,182,166	102,406	1,105,511	226,969
Claims payable (Note 12)				
Long-term debt, due in more than one year (Note 6)	<u>13,240,247</u>		<u>7,152,441</u>	
Total Noncurrent Liabilities	<u>14,422,413</u>	<u>102,406</u>	<u>8,938,638</u>	<u>907,655</u>
Total Liabilities	<u>15,889,343</u>	<u>1,604,696</u>	<u>11,476,513</u>	<u>1,088,234</u>
NET ASSETS (Note 8)				
Invested in capital assets, net of related debt	86,894,923		60,280,409	73,146,676
Restricted				69,850
Unrestricted	<u>3,469,400</u>	<u>1,021,871</u>	<u>29,692,962</u>	<u>3,533,649</u>
Total Net Assets	<u>\$90,364,323</u>	<u>\$1,021,871</u>	<u>\$89,973,371</u>	<u>\$76,750,175</u>

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
	\$39,127,384	\$12,561,982
	713,357	
	67,129	16,902
\$1,950	2,466,508	250,402
1,929,041	1,964,249	
	3,512,827	
		336,040
1,930,991	47,851,454	13,165,326
		1,361,372
	3,795,000	
	36,521,772	157,838
4,086,463	320,766,585	10,594,208
(1,153,814)	(115,902,645)	(6,279,148)
2,932,649	245,180,712	5,834,270
4,863,640	293,032,166	18,999,596
333,037	1,969,806	157,855
9,313	416,047	123,614
	53,225	
	2,057,579	4,764
1,527,408	1,527,408	2,932,122
		131,821
	1,533,367	
1,869,758	7,557,432	3,350,176
	1,361,372	
4,678	2,621,730	
		275,056
	20,392,688	
4,678	24,375,790	275,056
1,874,436	31,933,222	3,625,232
2,932,649	223,254,657	4,472,898
	69,850	
56,555	37,774,437	10,901,466
\$2,989,204	\$261,098,944	\$15,374,364

CITY OF DAVIS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
OPERATING REVENUES				
Charges for current services	\$10,131,953	\$8,975,404	\$12,613,144	\$1,561,457
Total Operating Revenues	10,131,953	8,975,404	12,613,144	1,561,457
OPERATING EXPENSES				
Administrative and billing	301,188	197,857	550,503	79,909
Payments to general government	211,411	307,359	317,803	133,386
Water production	3,012,480			
Water distribution	1,880,750			
Water system maintenance	1,168,028			
Street sweeping		740,126		
Waste removal and solid waste management		7,907,886		
Sewage collection			981,982	
Sewage treatment			4,062,698	
Storm drainage system maintenance				1,475,192
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	191,051	16,066	174,889	40,121
Depreciation	2,489,601		1,810,077	2,023,809
Other	104,135		52,511	97,049
Total Operating Expenses	9,358,644	9,169,294	7,950,463	3,849,466
Operating Income (Loss)	773,309	(193,890)	4,662,681	(2,288,009)
NONOPERATING REVENUES (EXPENSES)				
Interest income	85,586	8,452	188,341	15,644
Interest (expense)	(587,444)		(296,874)	(18,776)
Operating grants and subventions	6,348	38,512		500
Gain on disposal of capital assets				
Other	207,137	24,996	56,063	50,672
Total Nonoperating Revenues (Expenses)	(288,373)	71,960	(52,470)	48,040
Income (Loss) Before Contributions and Transfers	484,936	(121,930)	4,610,211	(2,239,969)
Transfers in (Note 3C)				
Transfers (out) (Note 3C)				
Total Other Financing Sources (Uses)				
Change in net assets	484,936	(121,930)	4,610,211	(2,239,969)
SPECIAL ITEM:				
Change in Accounting Measurement (Note 5)	(4,583,786)	(7,860)	10,143,198	(3,997,302)
BEGINNING NET ASSETS	94,463,173	1,151,661	75,219,962	82,987,446
ENDING NET ASSETS	\$90,364,323	\$1,021,871	\$89,973,371	\$76,750,175

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
\$32,585	\$33,314,543	\$14,878,734
32,585	33,314,543	14,878,734
	1,129,457	
	969,959	
	3,012,480	
	1,880,750	
	1,168,028	
	740,126	
	7,907,886	
	981,982	
	4,062,698	
	1,475,192	
3,721,120	3,721,120	
483,231	483,231	
		207,626
		1,549,271
		176,574
		1,867,531
		216,564
		309,857
		7,317,311
		103,119
		2,117,751
192	422,319	3,268,115
102,011	6,425,498	1,868,692
	253,695	
4,306,554	34,634,421	19,002,411
(4,273,969)	(1,319,878)	(4,123,677)
		236,141
718	298,741	
	(903,094)	
3,953,145	3,998,505	
	338,868	32,060
		3,546,639
3,953,863	3,733,020	3,814,840
(320,106)	2,413,142	(308,837)
		196,593
		(1,115)
		195,478
(320,106)	2,413,142	(113,359)
536	1,554,786	(2,134,138)
3,308,774	257,131,016	17,621,861
\$2,989,204	\$261,098,944	\$15,374,364

CITY OF DAVIS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$10,484,272	\$9,033,417	\$12,908,505	\$1,700,124
Payments to suppliers	(5,801,907)	(8,633,851)	(5,147,674)	(1,499,257)
Payments to employees	(542,927)	(505,215)	(837,293)	(213,295)
Claims paid				
Other revenue (expenses)	(104,135)		(52,511)	(97,049)
Cash Flows from Operating Activities	4,035,303	(105,649)	6,871,027	(109,477)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants and contributions	10,069	59,197		500
Interfund receipts (payments)	(2,671,946)		(53,473)	(53,473)
Transfer in				
Transfers (out)				
Cash Flows from Noncapital Financing Activities	(2,661,877)	59,197	(53,473)	(52,973)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Cash transfer to fiscal agent	(1,321)			
Sales (acquisitions) of capital assets, net	(8,598,700)		(533,789)	195,077
Proceeds from the issuance of debt	10,422,916			
Principal payments on capital debt	(724,265)		(917,484)	
Interest paid	(587,444)		(296,874)	(18,776)
Cash Flows from Capital and Related Financing Activities	511,186		(1,748,147)	176,301
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	76,583	10,062	193,220	19,271
Cash Flows from Investing Activities	76,583	10,062	193,220	19,271
Net Cash Flows	1,961,195	(36,390)	5,262,627	33,122
Cash and investments at beginning of period		1,781,285	25,988,410	4,137,135
Cash and investments at end of period	<u>\$1,961,195</u>	<u>\$1,744,895</u>	<u>\$31,251,037</u>	<u>\$4,170,257</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating income (loss)	\$773,309	(\$193,890)	\$4,662,681	(\$2,288,009)
Litigation settlement and other	207,137	24,996	56,063	50,672
Adjustments to reconcile operating income to cash flows from operating activities:				
Depreciation	2,489,601		1,810,077	2,023,809
Other revenues				
Change in assets and liabilities:				
Receivables:				
General accounts	167,947	897	41,854	63,928
Grants				
Utility accounts	1,534	60,349	253,674	28,064
Inventory				
Accounts payable	259,351	14,161	(102,994)	(24,065)
Prepays				
Leave benefits payable	(30,328)		31,013	
Refundable deposits				
Claims payable				
Deferred revenue	(24,299)	(28,229)	(56,230)	(3,997)
OPEB obligations	191,051	16,067	174,889	40,121
Cash Flows from Operating Activities	\$4,035,303	(\$105,649)	\$6,871,027	(\$109,477)

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
\$526,999	\$34,653,317	\$18,190,279
(4,480,775)	(25,563,464)	(14,360,945)
(495)	(2,099,225)	(1,730,857)
	(253,695)	(3,431,154)
<u>(3,954,271)</u>	<u>6,736,933</u>	<u>(1,332,677)</u>
3,953,145	4,022,911	
(198,439)	(2,977,331)	862,054
		196,593
		(1,115)
<u>3,754,706</u>	<u>1,045,580</u>	<u>1,057,532</u>
	(1,321)	
198,756	(8,738,656)	266,263
	10,422,916	
	(1,641,749)	
	(903,094)	
<u>198,756</u>	<u>(861,904)</u>	<u>266,263</u>
<u>809</u>	<u>299,945</u>	<u>239,162</u>
<u>809</u>	<u>299,945</u>	<u>239,162</u>
	7,220,554	230,280
	31,906,830	12,331,702
	<u>\$39,127,384</u>	<u>\$12,561,982</u>
(\$4,273,969)	(\$1,319,878)	(\$4,123,677)
	338,868	
102,011	6,425,498	1,868,692
		3,546,639
(1,550)	273,076	(154,328)
495,964	495,964	
	343,621	
		7,466
(276,424)	(129,971)	(2,473,457)
		129,679
(495)	190	6,995
		(81,360)
		(59,920)
	(112,755)	594
<u>192</u>	<u>422,320</u>	
<u>(\$3,954,271)</u>	<u>\$6,736,933</u>	<u>(\$1,332,677)</u>

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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, 2011

	<u>Agency Funds</u>
ASSETS	
Cash and investments (Note 2)	\$8,591,063
Cash with fiscal agents (Note 2)	1,345,768
Accrued interest receivable	5,595
Accounts receivable	<u>834,750</u>
Total Assets	<u><u>\$10,777,176</u></u>
Accounts receivable	
LIABILITIES	
Accounts payable	\$1,937,442
Due to members	635,058
Due to bondholders	<u>8,204,676</u>
Total Liabilities	<u><u>\$10,777,176</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.

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.

LOW/ MOD HOUSING FUND

This fund is used to develop, rehabilitate, and preserve affordable housing that serves households from extremely low to moderate incomes.

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.

CITY OF DAVIS
Notes to Financial Statements

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, 2011, and has deferred revenue recognition on one-half of the June 1, 2011, 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, 2011. 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, 2011, were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning Balance	\$2,635,157	\$415,857	\$3,051,014
Additions	2,858,719	472,030	3,330,749
Payments	<u>(2,858,378)</u>	<u>(471,840)</u>	<u>(3,330,218)</u>
Ending Balance	<u>\$2,635,498</u>	<u>\$416,047</u>	<u>\$3,051,545</u>
Current Portion	<u>\$123,614</u>	<u>\$416,047</u>	<u>\$539,661</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. *New Fund*

In fiscal 2010-11, the City established the Downtown Area Capital Revitalization Capital Project Fund for the purpose of tracking and recording future improvements contemplated in the Redevelopment Plan, pursuant to the Public Works Agreement by and between the City and its Redevelopment Agency.

K. *Fund Name Change*

The City changed the name of the Housing In Lieu fund to Low/Mod Housing Fund in this fiscal year. The description can be found in Section 1C.

L. *Fund Reorganization*

As of July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board Statement Number 54 (GASB 54), *Fund Balance Reporting and Governmental Fund Type Definitions*. The City combined the Construction Tax Fund into the General Fund, resulting in an increase to the General Funds Beginning Fund Balance of \$841,459.

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, 2011, are as follows:

City cash and investments in primary government:	
Cash and investments	\$106,236,532
Cash with fiscal agents	<u>18,113,196</u>
Total City cash and investments in primary government	<u>124,349,728</u>
Cash and investments in Fiduciary Funds (Separate Statement):	
Cash and investments	8,591,063
Cash with fiscal agents	<u>1,345,768</u>
Total Fiduciary Funds cash and investments	<u>9,936,831</u>
Total cash and investments	<u><u>\$134,286,559</u></u>

Cash and investments as of June 30, 2011, consist of the following:

Cash on hand	\$7,777
Cash with financial institutions	1,144,525
Investments	<u>133,134,257</u>
Total Cash and Investments	<u><u>\$134,286,559</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.

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
Any investment meeting the requirement for "hedge bond" status	N/A	N/A

CITY OF DAVIS
Notes to Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

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.

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 24 Months	25 to 36 Months	37 to 60 Months	Total
U.S. Government Sponsored Obligations:					
Callable	\$20,055,829		\$2,021,194		\$22,077,023
California Asset Management Program	5,039,002				5,039,002
California Local Agency Investment Fund	85,559,268				85,559,268
Certificates of Deposit	1,000,000				1,000,000
Held by Trustees:					
U.S. Government Sponsored Obligations:					
Callable		\$497,149	1,479,688	\$849,947	2,826,784
Money Market Mutual Funds (U.S. Securities)	16,421,184				16,421,184
U.S. Treasury Bill	210,996				210,996
Total Investments	<u>\$128,286,279</u>	<u>\$497,149</u>	<u>\$3,500,882</u>	<u>\$849,947</u>	133,134,257
<i>Cash in Banks and on hand</i>					<u>1,152,302</u>
Total City Cash and Investments					<u>\$134,286,559</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, 2011, these investments have an average maturity of 237 days.

CITY OF DAVIS
Notes to Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

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 value amounts provided by CAMP, which is the same as the value of the pool share. At June 30, 2011, the fair value approximated is the City's cost. At June 30, 2011, these investments have an average maturity of 52 days.

Money market mutual funds are available for withdrawal on demand and at June 30, 2011, have an average maturity ranging from 19 to 44 days.

F. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The actual ratings as of June 30, 2011, are as follows:

Investment Type	AAA	AAAm	Total
<i>Held by City:</i>			
U.S. Government-Sponsored Enterprise Agencies			
Callable	\$22,077,023		\$22,077,023
California Asset Management Program		\$5,039,002	5,039,002
<i>Held by Trustees:</i>			
U.S. Government-Sponsored Enterprise Agencies			
Callable	2,826,784		2,826,784
Money Market Mutual Funds (U.S. Securities)		15,703,915	15,703,915
Totals	\$24,903,807	\$20,742,917	45,646,724
<i>Not rated:</i>			
California Local Agency Investment Fund			85,559,268
Money Market Mutual Funds (U.S. Securities), held by the City			717,269
Certificates of Deposit			1,000,000
Cash in banks and on hand			1,152,302
<i>Exempt from credit rate disclosure:</i>			
U.S. Treasury Bills			210,996
Total Investments			\$134,286,559

On August 5, 2011, Standard & Poor's Ratings Services (S&P) lowered its long-term credit rating on the United States of America from AAA to AA+. At the same time, S&P affirmed its A-1+ short-term rating on the United States of America.

CITY OF DAVIS
Notes to Financial Statements

NOTE 2 - CASH AND INVESTMENTS (Continued)

On August 8, 2011, S&P lowered its issuer credit ratings and related issue ratings on ten of twelve Federal Home Loan Banks (FHLBs) and the senior debt issued by the FHLB System from AAA to AA+. S&P also lowered the ratings on the senior debt issued by the Federal Farm Credit Banks (FFCB) from AAA to AA+, and lowered the senior issue ratings on Fannie Mae (FNMA) and Freddie Mac (FHLMC) from AAA to AA+. The A subordinated debt rating and the C rating on the preferred stock of these entities remained unchanged. Finally, S&P affirmed the short-term issue ratings for these entities at A-1+.

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, 2011, those investments consisted of:

Reporting Unit	Issuer	Investment Type	Reported Amount
Entity-wide	Federal National Mortgage Association	US Government-Sponsored Enterprise Agencies	\$16,044,765

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, 2011, 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		\$59,146
TDA Non-Transit Use		301,013
Park Maintenance Tax		57,170
Community Development Block Grant		30,677
Economic (ARRA) Stimulus		769,748
Building Permits and Fees		60,636
Enterprise Fund:		
Public Transit		1,527,408
Internal Service Fund:		
Employee Benefits		2,932,122
Total		<u><u>\$5,737,920</u></u>

CITY OF DAVIS
Notes to Financial Statements

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

B. Long-Term Advances

At June 30, 2011, 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>
Enterprise Funds:		
Sewer	General Services Internal Service Fund	\$680,686
Storm Sewer		<u>680,686</u>
		<u><u>\$1,361,372</u></u>

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

C. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2011, were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
Housing In-Lieu Fund	Redevelopment Agency Low Income Housing Fund	18,884,251 (E)
Non-Major Governmental Funds	General Fund	63,876 (C)
	Redevelopment Agency Fund	9,815,917 (B), (C), (E), (G)
	Redevelopment Agency Low Income Housing Fund	578,527 (C)
	Non-Major Governmental Funds	149,045 (C)
Building Maintenance Internal Service Fund	General Services Internal Service Fund	1,115 (D)
City Self Insurance Internal Service Fund	Redevelopment Agency Fund	144,030 (F)
	Redevelopment Agency Low Income Housing Fund	<u>51,448 (F)</u>
Total Interfund Transfers		<u><u>\$29,688,209</u></u>

- (A) To fund the twenty percent set-aside in the Redevelopment Agency Low Income Housing Fund
- (B) To transfer housing loans to Low and Moderate Housing Fund.
- (C) To fund debt service
- (D) To reimburse prior year expenses paid
- (E) To transfer housing loans to City
- (F) To cover OPEB liability
- (G) To cover capital project expense funded by bonds

CITY OF DAVIS
Notes to Financial Statements

NOTE 3 - INTERFUND TRANSACTIONS (Continued)

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.

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	\$5,107,162
Windmere II	1,173,654
Walnut Terrace	3,474,055
Tremont Green	2,722,379
Moore Village	3,811,415
Eleanor Roosevelt	4,250,000
Oakshade East	1,012,500
Other Commercial Rehabilitation, Housing Rehabilitation, and Affordable Housing	1,985,886
Community Housing Opportunities Corp	1,645,496
New Harmony Loan	1,082,908
Davis Musical Theater	47,847
Employee Computer Loans	<u>142,759</u>
Total Loans Receivable	26,456,061
 Mortgages Receivable	 <u>460,067</u>
Total Loans and Mortgages Receivable	<u><u>\$26,916,128</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, 2011, the Association has drawn down \$5,107,162.

CITY OF DAVIS
Notes to Financial Statements

NOTE 4 - LOANS AND MORTGAGES RECEIVABLE (Continued)

B. *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, 2011, was \$1,173,654.

C. *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, 2011, was \$3,474,055.

CITY OF DAVIS
Notes to Financial Statements

NOTE 4 - LOANS AND MORTGAGES RECEIVABLE (Continued)

D. *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, 2011, was \$2,722,379.

E. *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, 2011, was \$3,811,415.

F. *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, 2011, was \$4,250,000.

G. *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. The balance of the loan receivable arising from this note, including accrued interests, was \$1,012,500 at June 30, 2011.

H. *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, 2011, was \$1,985,886.

CITY OF DAVIS
Notes to Financial Statements

NOTE 4 - LOANS AND MORTGAGES RECEIVABLE (Continued)

I. 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, 2011, was \$1,645,496.

J. 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, 2011, the loan amount outstanding is \$1,082,908.

K. 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 at June 30, 2010. On February 2, 2011 The City agreed to restructure the loan on the unpaid balance of \$ 48,506. The terms of the loan state that principal and interest payments of \$245.39 are to be made monthly until March 5, 2031. The balance of the loan as of June 30, 2011 is \$47,847.

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, 2011, the loans outstanding amounted to \$142,759.

L. 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, 2011, was \$460,067.

CITY OF DAVIS
Notes to Financial Statements

NOTE 4 - LOANS AND MORTGAGES RECEIVABLE (Continued)

M. 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.

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 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	10-40 years
Vehicles	3-20 years
Computers	5-7 years
Equipment	3-20 years
Streets	25-40 years
Parks and Greenbelts	20-50 years
Belt and Pedestrian Pathways	30-75 years
Utility Underground Systems	20-50 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, 2011, is as follows:

	Balance at June 30, 2010	Additions and Transfers	Retirements and Transfers	Adjustments	Balance at June 30, 2011
<i>Governmental Activities</i>					
Capital assets not being depreciated:					
Land	\$66,432,796	\$884,721		(\$13,459,046)	\$53,858,471
Construction in Progress	34,004,124	2,142,486	(\$33,106,922)	693,091	3,732,779
Total capital assets not being depreciated	<u>100,436,920</u>	<u>3,027,207</u>	<u>(33,106,922)</u>	<u>(12,765,955)</u>	<u>57,591,250</u>
Capital assets being depreciated:					
Buildings	27,065,514	5,855,830	(2,992,813)	(1,438,293)	28,490,238
Improvements	4,491,672	4,136,630	2,992,813	2,166,412	13,787,527
Vehicles	10,233,681	182,151	(1,031,410)	(3,386,459)	5,997,963
Computer and Equipment	3,890,152	48,938		(2,145,696)	1,793,394
Infrastructure					
Streets	243,439,873	10,592,266			254,032,139
Parks and Greenbelts	53,802,468	9,012,583			62,815,051
Bike and Pedestrian Pathways	12,406,488	1,257,371			13,663,859
Total capital assets being depreciated	<u>355,329,848</u>	<u>31,085,769</u>	<u>(1,031,410)</u>	<u>(4,804,036)</u>	<u>380,580,171</u>
Less accumulated depreciation:					
Buildings	(13,097,760)	(537,532)	\$435,791	\$4,236,811	(8,962,690)
Improvements	(5,535,412)	(248,437)	(435,791)	3,814,496	(2,405,144)
Vehicles	(5,456,621)	(1,466,917)	1,002,636	1,256,584	(4,664,318)
Computer and Equipment	(2,242,237)	(383,021)		1,311,277	(1,313,981)
Infrastructure					
Streets	(113,983,702)	(5,619,127)			(119,602,829)
Parks and Greenbelts	(38,002,951)	(920,460)			(38,923,411)
Bike and Pedestrian Pathways	(12,370,443)	(6,373)			(12,376,816)
Total accumulated depreciation	<u>(190,689,126)</u>	<u>(9,181,867)</u>	<u>1,002,636</u>	<u>10,619,168</u>	<u>(188,249,189)</u>
Net capital assets being depreciated	<u>164,640,722</u>	<u>21,903,902</u>	<u>(28,774)</u>	<u>5,815,132</u>	<u>192,330,982</u>
Governmental Activities Capital Assets, Net	<u>\$265,077,642</u>	<u>\$24,931,109</u>	<u>(\$33,135,696)</u>	<u>(\$6,950,823)</u>	<u>\$249,922,232</u>

CITY OF DAVIS
Notes to Financial Statements

NOTE 5 - CAPITAL ASSETS (Continued)

	Balance at June 30, 2010	Additions and Transfers	Retirements and Transfers	Adjustments	Balance at June 30, 2011
<i>Business-type Activities</i>					
Capital assets, not being depreciated:					
Land	\$5,867,878		(\$4,571)	\$15,920,073	\$21,783,380
Construction in Progress					
City's Share of JPA	888,000	\$2,907,000			3,795,000
Other	20,384,655	2,862,608	(8,335,247)	(173,624)	14,738,392
Total capital assets not being depreciated	<u>27,140,533</u>	<u>5,769,608</u>	<u>(8,339,818)</u>	<u>15,746,449</u>	<u>40,316,772</u>
Capital assets, being depreciated:					
Buildings and Improvements	4,387,205			(160,700)	4,226,505
Water Wells, Pumps and Related Assets	47,380,836	10,968,128		8,841,391	67,190,355
Water Distribution System	59,611,875	325,346		(257,810)	59,679,411
Sewer Treatment Plant	42,018,558			(18,558)	42,000,000
Sewer Pipes and Pipelines	36,025,264			(265,133)	35,760,131
Drainage Facilities	101,189,109	15,392			101,204,501
Equipment	26,613,738			(\$15,908,056)	10,705,682
Net capital assets being depreciated	<u>317,226,585</u>	<u>11,308,866</u>		<u>(7,768,866)</u>	<u>320,766,585</u>
Less accumulated depreciation for:					
Buildings and Improvements	(1,257,130)	(105,512)		109,061	(1,253,581)
Water Wells, Pumps and Related Assets	(13,154,150)	(1,060,073)		(8,013,749)	(22,227,972)
Water Distribution System	(18,896,294)	(1,187,624)		3,088,672	(16,995,246)
Sewer Treatment Plant	(24,699,045)	(840,000)		(130,955)	(25,670,000)
Sewer Pipes and Pipe Lines	(11,056,197)	(715,203)		(695,398)	(12,466,798)
Drainage Facilities	(23,954,777)	(2,023,808)		(6,468,776)	(32,447,361)
Equipment	(10,036,757)	(493,278)		5,688,348	(4,841,687)
Total accumulated depreciation	<u>(103,054,350)</u>	<u>(6,425,498)</u>		<u>(6,422,797)</u>	<u>(115,902,645)</u>
Net capital assets being depreciated	<u>214,172,235</u>	<u>4,883,368</u>		<u>(14,191,663)</u>	<u>204,863,940</u>
Business-type Activities Capital Assets, Net	<u>\$241,312,768</u>	<u>\$10,652,976</u>	<u>(\$8,339,818)</u>	<u>\$1,554,786</u>	<u>\$245,180,712</u>

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 14.

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.

CITY OF DAVIS
Notes to Financial Statements

NOTE 5 - CAPITAL ASSETS (Continued)

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	\$9,833
City Manager	30,004
Parks and community services	2,548,754
Public safety - fire	98,168
Public safety - police	211,525
Public works	6,283,583

Total Governmental Activities	\$9,181,867
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Business-Type Activities

Water	\$2,489,601
Sewer	1,810,077
Storm sewer	2,023,809
Public transit	102,011

Total Business-Type Activities	\$6,425,498
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D. Change in Accounting Measurement

The City had previously recorded its capital assets based on a study done in accordance with GASB Statement 34. In this study, certain estimations were used in valuating the historical costs of the City's capital assets. In fiscal 2010-11, the City conducted a complete inventory of its capital assets. Actual costs instead of estimated cost were used in this inventory in order to better reflect the value of the City's capital assets. In addition, the City increased its capitalization thresholds retroactively from \$3,000 to \$25,000. As a result, balances of capital assets were adjusted. This adjustment is treated as a Special Item in the City's Statements of Net Assets.

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, 2011 is as follows:

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011	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	\$8,475,000		\$160,000	\$8,315,000	\$165,000
2007 Tax Allocation Refunding Bonds 4.00%-4.25%, due 9/1/2030	11,185,000		350,000	10,835,000	365,000
2007 Taxable Housing Tax Allocation Bonds 5.50%, due 9/1/2037	8,095,000		125,000	7,970,000	130,000
2011 Subordinate Tax Allocation Bonds, Series A 6.50%-7.00%, due 12/01/2036		\$13,310,000		13,310,000	
2011 Subordinate Taxable Tax Allocation Bonds, Series B 3.25%-5.00%, due 12/01/2022		4,690,000		4,690,000	585,000
<i>Certificates of Participation:</i>					
1995 Association of Bay Area Governments 5.00%-6.50%, due 03/01/16	1,020,000		145,000	875,000	155,000
<i>Capital Lease Obligation</i>					
Central Controller and Ancillary Equipment 4.77%, due 10/1/11	383,653		187,358	196,295	196,295
California Housing Finance Agency Note Payable 3%, due August 8, 2012	526,441		526,441		
Total Governmental Activities Long-Term Debt	\$29,685,094	\$18,000,000	\$1,493,799	\$46,191,295	\$1,596,295
Business-type Activities Long-Term Debt:					
State Revolving Fund Loan #1 2.7%, due 7/25/15	\$1,607,645		\$250,446	\$1,357,199	\$257,208
State Revolving Fund Loan #2 2.6%, due 5/1/19	6,012,868		534,302	5,478,566	548,194
Department of Water Resources Loan #1 2.5%, due 10/1/11	460,926		305,358	155,568	155,568
Department of Water Resources Loan #2 2.6%, due 9/30/22	3,668,498		230,108	3,438,390	235,908
Sewer System Capital Improvement Loan 5.5%, due 12/15/18	1,394,951		132,736	1,262,215	140,137
East Area Water Storage Tank Loan 4.0%, due 8/1/38		\$7,422,916	188,799	7,234,117	196,352
Wells Fargo Bank Line of Credit		3,000,000		3,000,000	
Total Business-type Activities Long-Term Debt	\$13,144,888	\$10,422,916	\$1,641,749	\$21,926,055	\$1,533,367

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, 2011:

For the Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2012	\$1,596,295	\$2,558,671	\$1,533,367	\$725,156
2013	1,140,000	2,497,316	1,421,614	679,210
2014	1,180,000	2,446,630	1,465,543	635,120
2015	1,240,000	2,390,680	1,511,581	588,912
2016	1,295,000	2,325,268	1,558,804	541,239
2017 - 2021	6,460,000	10,563,994	5,779,204	2,039,146
2022 - 2026	8,490,000	8,511,898	2,353,483	1,368,938
2027 - 2031	11,060,000	5,869,524	1,915,307	725,413
2032 - 2036	11,240,000	2,436,636	1,387,152	396,532
2037 - 2041	2,490,000	111,420		
Total	<u>\$46,191,295</u>	<u>\$39,712,037</u>	18,926,055	<u>\$7,699,666</u>
Wells Fargo Bank Line of Credit			<u>3,000,000</u>	
			<u>\$21,926,055</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)

2011 Subordinate Tax Allocation Bonds, Series A and Series B – On March 1, 2011, the Redevelopment Agency of the City of Davis issued the 2011 Subordinate Tax Allocation Bonds, Series A, in the amount of \$13,310,000, and 2011 Subordinate Taxable Tax Allocation Bond, Series B, in the amount of \$4,690,000. The proceeds will be used to fund certain redevelopment activities of benefit to the Agency's Davis Redevelopment Project. The Bonds are payable from subordinate tax revenues which consist primarily of tax increment revenues payable to the Agency. The pledge of tax increment revenues for payment of the 2003 Tax Allocation Refunding Bonds and 2007 Tax Allocation Refunding Bonds are senior to the pledge of subordinate tax revenues for payment of these Bonds. Principal payments are payable annually on December 1 and interest is payable semi-annually on June 1 and December 1 through 2036.

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, for the repayment of the Tax Allocation Bonds. Debt service for the 2003 Tax Allocation Refunding Bonds and 2007 Tax Allocation Refunding Bonds is senior to the 2011 Series A & B. Tax Allocation Refunding Bonds. The pledge of all future tax increment revenues end upon repayment of the combined remaining debt service of \$69,129,074 on the Bonds above, which is scheduled to occur in 2037. For fiscal year 2011, net tax increment revenues amounted to \$8,356,852 while debt service of the Bonds amounted to \$1,645,686.

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 \$15,517,639 in remaining debt service on this bond issue which is scheduled to occur in 2037. For fiscal year 2011, tax increment revenues amounted to \$2,089,213 while debt service amounted to \$576,053.

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.

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, 2011, the note payable was paid in full.

CITY OF DAVIS
Notes to Financial Statements

NOTE 6 - LONG-TERM DEBT (Continued)

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, 2011, this Line of Credit was closed and the City had no outstanding balance.

Line of Credit - In February 2011, the City Council authorized the execution of a credit agreement with Wells Fargo Bank, National Association, for a non-revolving line of credit in the amount not to exceed \$15,000,000 for the purpose of providing financing for engineering and planning costs of a surface water supply acquisition and treatment project, part of the Woodland-Davis Water Supply Capital Improvement Project as discussed in Note 14A. Outstanding principle balance bears interest from the date the City draws the amount while unused amount of the Line is charged an unused commitment fee. As of June 30, 2011, the City had drawn down \$3,000,000. The City paid \$0 interest and \$2,688 unused commitment fee in fiscal 2010-11.

The repayment of this Line is secured by a first lien on Net System Revenues on a parity with the obligations of the City under including the above Department of Water Resources Loans and the East Area Water Storage Tank Loan as discussed below. "System" means all water enterprise system facilities owned by the City and all other properties, structures or works hereafter acquired and constructed by City and determined to be part of the System, together with all additions, betterments, extensions or improvements to such facilities, properties, structures or works or any part thereof hereafter acquired and constructed. The term "System" does not include assets owned by the Woodland-Davis Clean Water Agency, a joint powers authority of which the City is a member. For fiscal year 2011, Net Revenues amounted to \$773,309, while debt service amounted to \$233,333.

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 Tank and other components of the Davis Wells Capacity EIR 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, 2011, the City has net drawn down of \$7,234,117 in funds associated with this installment sale agreement. In addition, the City paid \$396,224 in interest payments during fiscal year 2011.

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, 2011, is as follows:

Description	Issue Year	Maturity Year	Outstanding June 30, 2011
University Research Park Improvement, \$2,265,000 original principal	1993	2018	\$1,145,000
Public Facilities Financing Authority, \$5,355,000 original principal	2004	2016	2,477,500
Community Facilities District No. 1991-2 \$14,115,000 original principal	2007	2026	12,650,000
Community Facilities District No. 2007-2 \$5,510,000 original principal	2008	2037	5,260,000
Public Facilities Financing Authority, \$9,570,000 original principal	2009	2030	9,570,000
Total			<u>\$31,102,500</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 at the Government-wide and proprietary fund levels. These captions are described below:

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

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

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

CITY OF DAVIS
Notes to Financial Statements

NOTE 8 - NET ASSETS AND FUND BALANCES (Continued)

B. Fund Equity

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

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

Nonspendables represents balances set aside to indicate items do not represent available, spendable resources even though they are a component of assets. Fund balances required to be maintained intact, such as Permanent Funds, and assets not expected to be converted to cash, such as prepaids, notes receivable, and land held for redevelopment are included. However, if proceeds realized from the sale or collection of nonspendable assets are restricted, committed or assigned, then Nonspendable amounts are required to be presented as a component of the applicable category.

Restricted fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation which requires the resources to be used only for a specific purpose. Encumbrances and nonspendable amounts subject to restrictions are included along with spendable resources.

Committed fund balances have constraints imposed by formal action of the City Council which may be altered only by formal action of the City Council. Encumbrances and nonspendable amounts subject to council commitments are included along with spendable resources.

Assigned fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. This category includes encumbrances; Nonspendables, when it is the City's intent to use proceeds or collections for a specific purpose, and residual fund balances, if any, of Special Revenue, Capital Projects and Debt Service Funds which have not been restricted or committed.

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

CITY OF DAVIS
Notes to Financial Statements

NOTE 8 - NET ASSETS AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2011, are below.

Fund Balance Classifications	General Fund	Child Care Grant	Redevelopment Agency	Redevelopment Agency Low Income Housing	Development Deferred Improvement	Low/Mod Housing	Other Governmental Funds	Total
Nonspendables:								
Items not in spendable form:								
Notes Receivable	\$190,606							\$190,606
Total Nonspendable	190,606							190,606
Restricted for:								
Debt Service							\$381,341	381,341
Child Care Services		\$81,595						81,595
Housing				\$7,569,736				7,569,736
Development Services			\$1,197,811		\$1,305,647			2,503,458
Roadways and Street Improvements					13,071,932		506,571	13,578,503
Parks					4,620,817		4,314,979	8,935,796
Public Safety					2,014,206			2,014,206
General Facilities					1,723,708			1,723,708
Open Space					975,745			975,745
Grants							11,192,026	11,192,026
PEG Access							570,698	570,698
Public Facilities							17,405,783	17,405,783
Land Acquisition							1,549,917	1,549,917
District Improvements							1,207,703	1,207,703
Low Income Housing						\$18,129,487		18,129,487
Total Restricted		81,595	1,197,811	7,569,736	23,712,055	18,129,487	37,129,018	87,819,702
Committed to:								
Municipal Arts							176,565	176,565
Public Safety							284,874	284,874
In-Lieu-of Parking and Parking							535,878	535,878
Agriculture Land Acquisition							425,790	425,790
Cable TV							968,294	968,294
Capital Projects							7,475,336	7,475,336
Other Special Revenue Projects							32,798	32,798
Total Committed							9,899,535	9,899,535
Unassigned:								
General Fund	6,350,652							6,350,652
Other Fund Deficit Residuals							(399,822)	(399,822)
Total Unassigned	6,350,652						(399,822)	5,950,830
Total Fund Balances	\$6,541,258	\$81,595	\$1,197,811	\$7,569,736	\$23,712,055	\$18,129,487	\$46,628,731	\$103,860,673

CITY OF DAVIS
Notes to Financial Statements

NOTE 8 - NET ASSETS AND FUND BALANCES (Continued)

C. Encumbrances

Encumbrances outstanding as of June 30, 2011, were as listed below:

Governmental Funds:	Amount
General Fund	\$212,556
Child Care Grant	19,600
Redevelopment Agency	1,169,448
Development Deferred Improvement	90,384
Low/ Mod Housing Fund	642
Other Governmental Funds	509,457
	\$2,002,087

D. Fund Deficits

As of June 30, 2011, the TDA Non-Transit Use Special Revenue Fund had a negative fund balance of \$301,013. The Building Permits and Fees Special Revenue Fund had a negative fund balance of \$98,809. The Employee Benefits Internal Service Fund had a negative Net Assets of \$2,743,955. These deficits are expected to be repaid by future revenues and future contributions from other funds.

NOTE 9 – 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, 2011, are summarized as follows:

	Safety	Miscellaneous
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%	8%
Required employer contribution rates	22.846%	13.495%

CITY OF DAVIS
Notes to Financial Statements

NOTE 9 – PENSION PLANS (Continued)

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

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

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

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
2008	\$78,301,344	\$65,187,313	\$13,114,031	83.3%	\$9,509,136	137.9%
2009	85,150,185	69,160,746	15,989,439	81.2%	9,805,070	163.1%
2010	88,235,535	73,120,141	15,115,394	82.9%	9,433,404	160.2%

Miscellaneous Plan:

Actuarial						
Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2008	\$117,222,266	\$98,822,723	\$18,399,543	84.3%	\$21,692,919	84.8%
2009	135,328,725	104,636,918	30,691,807	77.3%	21,509,734	142.7%

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 2011, 2010 and 2009 were \$7,308,026, \$7,396,425, and \$7,629,285 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 10 – 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	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Fiscal Year</th> <th style="width: 20%; text-align: center;">Amounts</th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">2010/11</td> <td style="text-align: right;">\$2,074,085</td> </tr> <tr> <td></td> <td style="text-align: center;">2009/10</td> <td style="text-align: right;">1,713,856</td> </tr> <tr> <td></td> <td style="text-align: center;">2008/09</td> <td style="text-align: right;">1,593,437</td> </tr> <tr> <td></td> <td style="text-align: center;">2007/08</td> <td style="text-align: right;">1,402,536</td> </tr> <tr> <td></td> <td style="text-align: center;">2006/07</td> <td style="text-align: right;">1,207,518</td> </tr> </tbody> </table>			Fiscal Year	Amounts		2010/11	\$2,074,085		2009/10	1,713,856		2008/09	1,593,437		2007/08	1,402,536		2006/07	1,207,518
	Fiscal Year	Amounts																		
	2010/11	\$2,074,085																		
	2009/10	1,713,856																		
	2008/09	1,593,437																		
	2007/08	1,402,536																		
	2006/07	1,207,518																		

As of June 30, 2011, approximately 218 participants were eligible to receive benefits.

CITY OF DAVIS
Notes to Financial Statements

NOTE 10 – 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) investment rates of return, ranging from 4.95% in fiscal 2010-11 to 7.75% starting in fiscal 2018-19 based on funding policy, (b) 3.25% projected annual salary increase, (c) 3.00% of general inflation increase, and (d) a healthcare trend showing actual premiums paid for 2011 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, 2011, the City made contributions toward the ARC amounting to \$3,494,970 to the plan which represented 11.6% of the \$27,346,685 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)	\$5,922,000
Interest on NOO	510,000
Amortization of NOO	<u>(956,000)</u>
Annual pension cost	5,476,000
Contributions:	
Benefit Payments	(2,074,085)
Trust Pre-Funding	<u>(1,420,885)</u>
(Decrease) increase in net OPEB obligations	<u>1,981,030</u>
Net OPEB obligation at June 30, 2010	<u>10,311,544</u>
Net OPEB obligation at June 30, 2011	<u><u>12,292,574</u></u>
Percentage of ARC Contributed	<u><u>59.02%</u></u>

CITY OF DAVIS
Notes to Financial Statements

NOTE 10 – POST EMPLOYMENT BENEFITS (Continued)

The Plan's annual OPEB costs and actual contributions for the last three fiscal years are set forth below:

Fiscal Year	Annual OPEB Cost	Actual Contribution	Percentage of Annual OBEB Cost Contributed	Net OPEB Liability
6/30/2009	\$7,433,846	\$1,593,437	21.43%	\$5,840,409
6/30/2010	7,684,991	3,213,856	41.82%	10,311,544
6/30/2011	5,476,000	3,494,970	63.82%	12,292,574

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:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Overfunded (Underfunded) Actuarial Accrued Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
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%)

NOTE 11 – DEFERRED COMPENSATION

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

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

CITY OF DAVIS
Notes to Financial Statements

NOTE 12 - RISK MANAGEMENT

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

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

A. Risk Coverage

The City is a member of the Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA) which provides coverage for general and auto liability, property, workers' compensation, fidelity and boiler and machinery claims. Once the City's deductible is met, YCPARMIA becomes responsible for payment of all claims up to the limit. In addition, the California Joint Powers Risk Management Authority (CJPRMA), United States Fidelity and Guarantee Company, CSAC-EIA, National Union and Great American Alliance Insurance provide coverage for amounts in excess of YCPARMIA's limits. During the fiscal year ended June 30, 2011, the City contributed \$1,150,156 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, 2011, 2010, and 2009 the amount of settlement did not exceed insurance coverage.

CITY OF DAVIS
Notes to Financial Statements

NOTE 12 - 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:

	2011	2010
Beginning balance	\$93,562	\$62,848
Liability for current fiscal year claims	80,000	80,000
Decrease in estimated liability for prior year claims	(127,107)	(38,732)
Payments made on current year claims		(8,401)
Payments made on prior year claims	(11,955)	(2,153)
Ending balance	<u>\$34,500</u>	<u>\$93,562</u>
Current Portion	<u>\$34,500</u>	<u>\$93,562</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:

	2011	2010
Beginning balance	\$19,355	\$18,482
Liability for current fiscal year claims	98,000	90,000
Decrease in estimated liability for prior year claims	(85,635)	(50,210)
Payments made on current year claims	(30,946)	(29,513)
Payments made on prior year claims	15,080	(9,404)
Ending balance	<u>\$15,854</u>	<u>\$19,355</u>
Current Portion	<u>\$15,854</u>	<u>\$19,355</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:

	2011	2010
Beginning balance	\$353,880	\$307,858
Liability for current fiscal year claims and Increase in estimated liability for prior year claims	84,109	132,021
Payments made on claims	(81,466)	(85,999)
Ending balance	<u>\$356,523</u>	<u>\$353,880</u>
Current Portion	<u>\$81,467</u>	<u>\$85,999</u>

CITY OF DAVIS
Notes to Financial Statements

NOTE 13 - COMMITMENTS AND CONTINGENCIES

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

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

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

NOTE 14 – 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 \$2,907,000 for the year ended June 30, 2011. 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 – 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 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 Agency made its first SERAF payment of \$3,202,971 in fiscal year 2009-10, and its second payment in the amount of \$659,435 in fiscal year 2010-11.

NOTE 16 – SUBSEQUENT EVENT

Commitments or Subsequent Event Disclosure:

In an effort to balance its budget, the State of California adopted ABx1 26 on June 28, 2011, which suspends all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by the City opting into an “alternative voluntary redevelopment program” requiring specified substantial annual contributions to local schools and special districts. Concurrently with these two measures, the State passed various budget and trailer bills that are related and collectively constitute the Redevelopment Restructuring Acts. If all sponsoring communities were to opt-in to the voluntary program, these contributions amount to an estimated \$1.7 billion for fiscal year 2012 and an estimated \$400 million in each succeeding year. If the City fails to make the voluntary program payment, the Agency would become subject to the dissolution provisions of ABx1 26.

On July 18, 2011, the California Redevelopment Association, the League of California Cities and others challenged the validity and constitutionality of ABx1 26 and 27 to the California Supreme Court on numerous grounds, including that the acts violate certain provisions of the California Constitution. On August 11, 2011, as modified on August 17, 2011, the California Supreme Court agreed to hear the case and issued a partial stay of ABx1 26 and a full stay of ABx1 27, but the stay did not include the section of ABx1 26 that suspends all new redevelopment activities. It is anticipated that the Court will render its decision before January 15, 2012, the date the first voluntary program payment is due.

The suspension provisions of ABx1 26 prohibit all redevelopment agencies from a wide range of activities, including incurring new indebtedness or obligations, entering into or modifying agreements or contracts, acquiring or disposing of real property, taking actions to adopt or amend redevelopment plans and other similar actions, except actions required by law or to carry out existing enforceable obligations, as defined in ABx1 26. During the suspension period, an agency is required to prepare an Enforceable Obligation Payment Schedule no later than August 29, 2011, that allows it to continue to pay certain obligations. The Agency adopted its Enforceable Obligation Payment Schedule on August 1, 2011.

On October 18, 2011 the Agency subsequently amended its Enforceable Obligation Payment Schedule in order to meet lending requirements and payment terms for the New Harmony affordable housing project. A change in lending terms surrounding the project called for additional payments to be made by the Agency through December 31, 2011. The Enforceable Obligation Payment Schedule first adopted by the Agency totaled \$5,157,216. The amended Enforcement Obligation Payment Schedule totaled \$11,685,725, thereby increasing the Agency’s total enforceable obligations by \$6,528,509. The Agency submitted their amended Enforceable Obligation Payment Schedule to the State Department of Finance on October 24, 2011. Included in the amended Enforceable Obligation Payment Schedule were, the following outstanding obligations to the City of Davis:

Salaries and benefits reimbursement	\$1,415,447
Agency’s share of City’s overhead costs	173,496
Statutory payments	<u>4,465,000</u>
	<u>\$6,053,943</u>

NOTE 16 – SUBSEQUENT EVENT (Continued)

In addition, the suspension provisions require the State Controller to review the activities of all redevelopment agencies to determine whether an asset transfer between an agency and any public agency occurred on or after January 1, 2011. If an asset transfer did occur and the public agency that received the asset is not contractually committed to a third party for the expenditure or encumbrance of the asset, the State Controller is required to order the asset returned to the redevelopment agency. The State Controller's Office has not yet provided any information about the timing or the process for this statewide asset transfer review.

The Agency is currently subject to the suspension provisions as described above. These facts indicate that there is more than a remote possibility the Agency may not continue as a going concern beyond October 1, 2011. The continuation of the Agency beyond October 1, 2011, will initially depend upon whether the Supreme Court rules in favor of the petitioners. There are three possible consequences to the Agency from a decision of the Supreme Court, when it is rendered:

1. If the Supreme Court determines that both ABX1 26 and ABX1 27 are valid, then the City will consider whether it will enact an ordinance to opt-in to the alternative voluntary redevelopment program. If enacted, the City would be required to make annual payments to the County Auditor-Controller and the Agency would no longer be subject to the suspension provisions. The State Department of Finance calculated the City's Voluntary Program payment for fiscal year 2012 to be \$3,439,045. The City filed an appeal of that amount in accordance with the provisions of Health and Safety Code Section 34194(b)(2)(L) that was subsequently approved by the State Department of Finance. The final remittance payment calculated by the State Department of Finance as of October 15, 2011 is \$3,298,045.
2. If the Supreme Court determines that both ABX1 26 and ABX1 27 are valid and the City decides not to participate in the alternative voluntary redevelopment program, or if the Supreme Court determines that ABX1 26 is valid, but ABX1 27 is not valid, the Agency will continue to be subject to the suspension provisions and would be dissolved in accordance with certain provisions of ABX1 26. Prior to dissolution, any transfers of Agency assets subsequent to January 1, 2011 to the City, that were not obligated to third parties or encumbered may be subject to the State Controller's review discussed above and required to be returned to the Agency. Upon dissolution, all assets and obligations of the Agency would be transferred to a successor agency.
3. If the Supreme Court determines that both ABX1 26 and ABX1 27 are invalid, the Agency would no longer be subject to the suspension provisions and would continue in existence under California Redevelopment Law as it existed prior to the enactment of ABX1 26 and ABX1 27.

As of December 15, 2011 the Supreme Court has not ruled on the case and the Agency is subject to the suspension provisions as discussed above.

<p style="text-align: center;">BUDGETED MAJOR GOVERNMENTAL FUNDS OTHER THAN GENERAL FUND AND SPECIAL REVENUE FUNDS</p>

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$700,000	\$700,000	\$74,427	(\$625,573)
Development fees	<u>772,750</u>	<u>772,750</u>	<u>415,090</u>	<u>(357,660)</u>
Total Revenues	<u>1,472,750</u>	<u>1,472,750</u>	<u>489,517</u>	<u>(983,233)</u>
EXPENDITURES				
Current:				
City manager	284	84,684	25,000	59,684
Finance	93,594	93,594	93,591	3
Public works	385,002	393,832	315,582	78,250
Special projects	59,497	66,249	48,495	17,754
Capital improvements	<u>703,268</u>	<u>4,638,738</u>	<u>1,410,631</u>	<u>3,228,107</u>
Total Expenditures	<u>1,241,645</u>	<u>5,277,097</u>	<u>1,893,299</u>	<u>3,383,798</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				
	<u>\$231,105</u>	<u>(\$3,804,347)</u>	(1,403,782)	<u>\$2,400,565</u>
BEGINNING FUND BALANCE			<u>25,115,837</u>	
ENDING FUND BALANCE			<u>\$23,712,055</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.

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.

DOWNTOWN AREA CAPITALIZATION REVITALIZATION

This fund accounts as a funding source for the City to undertake future improvements contemplated in the redevelopment plan, pursuant to the Public Works Agreement by and between the City and its Redevelopment agency.

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

SPECIAL REVENUE FUNDS

	Gas Tax	TDA Non-Transit Use	Open Space	Park Maintenance Tax	Cable TV
ASSETS					
Cash and investments			\$4,072,289		\$1,383,514
Cash with fiscal agents					
Accrued interest	\$527		5,167		2,055
Receivables:					
General accounts			32,551	\$67,315	164,307
Grants	198,844	\$136,915			
Utility accounts					
Loans					
Mortgages					
Total Assets	<u>\$199,371</u>	<u>\$136,915</u>	<u>\$4,110,007</u>	<u>\$67,315</u>	<u>\$1,549,876</u>
LIABILITIES					
Accounts payable	\$23,805		\$8,402		\$10,884
Deposits			13,325		
Deferred revenue		\$136,915			
Due to other funds	59,146	301,013		\$57,170	
Total Liabilities	<u>82,951</u>	<u>437,928</u>	<u>21,727</u>	<u>57,170</u>	<u>10,884</u>
FUND EQUITY					
Fund balances:					
Restricted	\$116,420		4,088,280	10,145	570,698
Committed					968,294
Unassigned		(301,013)			
Total Fund Balances	<u>116,420</u>	<u>(301,013)</u>	<u>4,088,280</u>	<u>10,145</u>	<u>1,538,992</u>
Total Liabilities and Fund Balances	<u>\$199,371</u>	<u>\$136,915</u>	<u>\$4,110,007</u>	<u>\$67,315</u>	<u>\$1,549,876</u>

SPECIAL REVENUE FUNDS

Public Safety	Municipal Arts	Subdivision In-Lieu Park Fees	In-Lieu of Parking Payments	Parking	Federal/State Highway Grant	Community Development Block Grant
\$225,335	\$176,347	\$216,279	\$440,426	\$90,460	\$336,582	
375	218	275	563	137		\$93
42,499				4,292		
206,231					189,137	266,143
						1,755,324
<u>\$474,440</u>	<u>\$176,565</u>	<u>\$216,554</u>	<u>\$440,989</u>	<u>\$94,889</u>	<u>\$525,719</u>	<u>\$2,021,560</u>
\$4,457					\$16,450	\$31,290
185,109					119,118	
						30,677
<u>189,566</u>					<u>135,568</u>	<u>61,967</u>
284,874	\$176,565	\$216,554	\$440,989	\$94,889	390,151	1,959,593
<u>284,874</u>	<u>176,565</u>	<u>216,554</u>	<u>440,989</u>	<u>94,889</u>	<u>390,151</u>	<u>1,959,593</u>
<u>\$474,440</u>	<u>\$176,565</u>	<u>\$216,554</u>	<u>\$440,989</u>	<u>\$94,889</u>	<u>\$525,719</u>	<u>\$2,021,560</u>

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

SPECIAL REVENUE FUNDS

	Operational Grants	Economic (ARRA) Stimulus	Agriculture Land Acquisition	Building Permits and Fees	Davisville Book
ASSETS					
Cash and investments	\$1,343,035		\$425,212		\$23,803
Cash with fiscal agents					
Accrued interest	1,633		578	\$129	32
Receivables:					
General accounts	15,408			15,713	
Grants	262,311	\$1,033,176			
Utility accounts					
Loans	6,863,448				
Mortgages	213,281				
Total Assets	<u>\$8,699,116</u>	<u>\$1,033,176</u>	<u>\$425,790</u>	<u>\$15,842</u>	<u>\$23,835</u>
LIABILITIES					
Accounts payable	\$116,153	\$45,900		\$54,015	\$8
Deposits					
Deferred revenue					
Due to other funds		769,748		60,636	
Total Liabilities	<u>116,153</u>	<u>815,648</u>		<u>114,651</u>	<u>8</u>
FUND EQUITY					
Fund balances:					
Restricted	8,582,963	217,528			
Committed			\$425,790		23,827
Unassigned				(98,809)	
Total Fund Balances	<u>8,582,963</u>	<u>217,528</u>	<u>425,790</u>	<u>(98,809)</u>	<u>23,827</u>
Total Liabilities and Fund Balances	<u>\$8,699,116</u>	<u>\$1,033,176</u>	<u>\$425,790</u>	<u>\$15,842</u>	<u>\$23,835</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
\$6,557	\$2,402	\$169,540			\$782,697	\$374,258	\$430,764
9	3	211,612		\$17,188,227	1,038	496	1,178
		189					
<u>\$6,566</u>	<u>\$2,405</u>	<u>\$381,341</u>		<u>\$17,188,227</u>	<u>\$783,735</u>	<u>\$374,754</u>	<u>\$431,942</u>
\$6,566	\$2,405	\$381,341		\$17,188,227	\$783,735	\$374,754	\$431,942
<u>6,566</u>	<u>2,405</u>	<u>381,341</u>		<u>17,188,227</u>	<u>783,735</u>	<u>374,754</u>	<u>431,942</u>
<u>\$6,566</u>	<u>\$2,405</u>	<u>\$381,341</u>		<u>\$17,188,227</u>	<u>\$783,735</u>	<u>\$374,754</u>	<u>\$431,942</u>

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2011

CAPITAL PROJECTS FUNDS

	<u>Davis Land Acquisition</u>	<u>Public Facilities Financing Authority</u>	<u>Redevelopment Agency</u>	<u>Oxford Circle Park and Parking Lot</u>	<u>Downtown Area Capital Revitalization</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS						
Cash and investments	\$1,547,863	\$216,558	\$126,060	\$49,149	\$7,417,195	\$19,856,325
Cash with fiscal agents						17,399,839
Accrued interest	2,054	287	1,108	65	6,061	24,270
Receivables:						
General accounts						342,085
Grants						2,086,526
Utility accounts						206,231
Loans					52,080	8,670,852
Mortgages						213,281
Total Assets	<u>\$1,549,917</u>	<u>\$216,845</u>	<u>\$127,168</u>	<u>\$49,214</u>	<u>\$7,475,336</u>	<u>\$48,799,409</u>
LIABILITIES						
Accounts payable			\$126,457			\$437,821
Deposits						13,325
Deferred revenue						441,142
Due to other funds						1,278,390
Total Liabilities			<u>126,457</u>			<u>2,170,678</u>
FUND EQUITY						
Fund balances:						
Restricted	\$1,549,917	\$216,845	711	\$49,214		37,129,018
Committed					\$7,475,336	9,899,535
Unassigned						(399,822)
Total Fund Balances	<u>1,549,917</u>	<u>216,845</u>	<u>711</u>	<u>49,214</u>	<u>7,475,336</u>	<u>46,628,731</u>
Total Liabilities and Fund Balances	<u>\$1,549,917</u>	<u>\$216,845</u>	<u>\$127,168</u>	<u>\$49,214</u>	<u>\$7,475,336</u>	<u>\$48,799,409</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, 2011

SPECIAL REVENUE FUNDS					
	Gas Tax	TDA Non-Transit Use	Open Space	Park Maintenance Tax	Cable TV
REVENUES					
Taxes			\$634,857	\$1,329,056	\$534,121
Use of money and property	\$1,176		11,485		5,916
Intergovernmental	1,668,862				128,755
Charges for current services					
Development fees					
Other					75,658
Total Revenues	1,670,038		646,342	1,329,056	744,450
EXPENDITURES					
Current:					
City Manager					534,378
Finance					
Community development					
Parks and community services			267,551	1,344,837	17,966
Public safety - fire					
Public safety - police					
Public works	1,594,467	\$24,080			
Special projects					
Capital improvements			172,407		
Debt service:					
Principal					
Interest and fiscal charges					
Total Expenditures	1,594,467	24,080	439,958	1,344,837	552,344
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	75,571	(24,080)	206,384	(15,781)	192,106
OTHER FINANCING SOURCES (USES)					
Proceeds from the issuance of long term debt					
Transfers in					
Transfers (out)					
Total Other Financing Sources (Uses)					
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	75,571	(24,080)	206,384	(15,781)	192,106
BEGINNING FUND BALANCES	40,849	(276,933)	3,881,896	25,926	1,346,886
ENDING FUND BALANCES	\$116,420	(\$301,013)	\$4,088,280	\$10,145	\$1,538,992

SPECIAL REVENUE FUNDS

Public Safety	Municipal Arts	Subdivision In-Lieu Park Fees	In-Lieu of Parking Payments	Parking	Federal/State Highway Grants	Community Development Block Grant
\$371,973						
1,619	\$503	\$666	\$1,260	\$32,726	\$2,164	\$389
100,894					266,400	802,771
2,096,045	1,407	21,936	36,000			
						57,024
2,570,531	1,910	22,602	37,260	32,726	268,564	860,184
11,970				1,605		
61,059		1,152			127,372	
	21,850					
1,178,014					1,084,845	
1,270,242						882,371
2,521,285	21,850	1,152		1,605	1,212,217	882,371
49,246	(19,940)	21,450	37,260	31,121	(943,653)	(22,187)
		(149,045)				
		(149,045)				
49,246	(19,940)	(127,595)	37,260	31,121	(943,653)	(22,187)
235,628	196,505	344,149	403,729	63,768	1,333,804	1,981,780
\$284,874	\$176,565	\$216,554	\$440,989	\$94,889	\$390,151	\$1,959,593

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	SPECIAL REVENUE FUNDS				
	Operational Grants	Economic (ARRA) Stimulus	Agriculture Land Acquisition	Building Permits and Fees	Davisville Book
REVENUES					
Taxes					
Use of money and property	\$7,535	\$896	\$1,384	\$1,408	\$70
Intergovernmental	539,486	1,681,583			
Charges for current services				1,313,085	11
Development fees					
Other	1,223,208				
Total Revenues	1,770,229	1,682,479	1,384	1,314,493	81
EXPENDITURES					
Current:					
City Manager					
Finance					
Community development		346	71	1,293,864	
Parks and community services		15,843			
Public safety - fire		5,557			
Public safety - police		602,008			
Public works					
Special projects	390,806				
Capital improvements		852,109	1,571		
Debt service:					
Principal					
Interest and fiscal charges					
Total Expenditures	390,806	1,475,863	1,642	1,293,864	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,379,423	206,616	(258)	20,629	81
OTHER FINANCING SOURCES (USES)					
Proceeds from the issuance of long term debt					
Transfers in					
Transfers (out)					
Total Other Financing Sources (Uses)					
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	1,379,423	206,616	(258)	20,629	81
BEGINNING FUND BALANCES	7,203,540	10,912	426,048	(119,438)	23,746
ENDING FUND BALANCES	\$8,582,963	\$217,528	\$425,790	(\$98,809)	\$23,827

SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS		
Historical	Brinley/Hattie Weber	Association of Bay Area Governments Certificates of Participation	Public Facility	Redevelopment Agency	Davis Research Park	Arlington Boulevard Benefit Area	Capital Grants
\$20	\$7	\$883		\$6,127	\$2,325	\$1,112	\$6,991 66,163
<u>20</u>	<u>7</u>	<u>883</u>		<u>6,127</u>	<u>2,325</u>	<u>1,112</u>	<u>73,154</u>
							32,066
		145,000 67,921		\$635,000 2,627,399			
		<u>212,921</u>		<u>3,262,399</u>			<u>32,066</u>
<u>20</u>	<u>7</u>	<u>(212,038)</u>		<u>(3,256,272)</u>	<u>2,325</u>	<u>1,112</u>	<u>41,088</u>
		212,921		18,000,000 2,444,499			
		<u>212,921</u>		<u>20,444,499</u>			
20	7	883		17,188,227	2,325	1,112	41,088
6,546	2,398	380,458			781,410	373,642	390,854
<u>\$6,566</u>	<u>\$2,405</u>	<u>\$381,341</u>		<u>\$17,188,227</u>	<u>\$783,735</u>	<u>\$374,754</u>	<u>\$431,942</u>

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	CAPITAL PROJECTS FUNDS					Total Nonmajor Governmental Funds
	Davis Land Acquisition	Public Facilities Financing Authority	Redevelopment Agency	Oxford Circle Park and Parking Lot	Downtown Area Capital Revitalization	
REVENUES						
Taxes						\$2,870,007
Use of money and property	\$4,599	\$644	\$12,332	\$146	\$13,259	117,642
Intergovernmental						5,254,914
Charges for current services						3,409,141
Development fees						59,343
Other			500			1,356,390
						1,356,390
Total Revenues	4,599	644	12,832	146	13,259	13,067,437
EXPENDITURES						
Current:						
City Manager						547,953
Finance						62,211
Community development						1,421,653
Parks and community services						1,668,047
Public safety - fire						1,183,571
Public safety - police						1,872,250
Public works						2,703,392
Special projects						1,273,177
Capital improvements			590,600			1,648,753
Debt service:						
Principal						780,000
Interest and fiscal charges						2,695,320
						2,695,320
Total Expenditures			590,600			15,856,327
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES						
	4,599	644	(577,768)	146	13,259	(2,788,890)
OTHER FINANCING SOURCES (USES)						
Proceeds from the issuance of long term debt						18,000,000
Transfers in			487,868		7,462,077	10,607,365
Transfers (out)						(149,045)
						(149,045)
Total Other Financing Sources (Uses)			487,868		7,462,077	28,458,320
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES						
	4,599	644	(89,900)	146	7,475,336	25,669,430
BEGINNING FUND BALANCES						
	1,545,318	216,201	90,611	49,068		20,959,301
ENDING FUND BALANCES						
	\$1,549,917	\$216,845	\$711	\$49,214	\$7,475,336	\$46,628,731

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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, 2011

	GAS TAX			TDA NON-TRANSIT USE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$5,740	\$1,176	(\$4,564)			
Intergovernmental	1,769,961	1,668,862	(101,099)	\$136,915		(136,915)
Charges for current services						
Development fees						
Other						
Total Revenues	1,775,701	1,670,038	(105,663)	136,915		(136,915)
EXPENDITURES						
Current:						
City Manager						
Finance						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works	1,603,792	1,594,467	9,325	24,198	\$24,080	\$118
Special projects						
Capital improvements						
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	1,603,792	1,594,467	9,325	24,198	24,080	118
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	171,909	75,571	(96,338)	112,717	(24,080)	(136,797)
OTHER FINANCING SOURCES (USES)						
Proceeds form the issuance of long term debt						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$171,909	75,571	(\$96,338)	\$112,717	(24,080)	(\$136,797)
BEGINNING FUND BALANCE		40,849			(276,933)	
ENDING FUND BALANCE		\$116,420			(\$301,013)	

OPEN SPACE			PARK MAINTENANCE TAX			CABLE TV		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$626,000	\$634,857	\$8,857	\$1,344,000	\$1,329,056	(\$14,944)	\$490,000	\$534,121	\$44,121
82,300	11,485	(70,815)	1,200		(1,200)	27,438	5,916	(21,522)
						122,000	128,755	6,755
						200	75,658	75,458
<u>708,300</u>	<u>646,342</u>	<u>(61,958)</u>	<u>1,345,200</u>	<u>1,329,056</u>	<u>(16,144)</u>	<u>639,638</u>	<u>744,450</u>	<u>104,812</u>
						589,300	534,378	54,922
302,240	267,551	34,689	1,345,100	1,344,837	263	31,463	17,966	13,497
881,199	172,407	708,792						
<u>1,183,439</u>	<u>439,958</u>	<u>743,481</u>	<u>1,345,100</u>	<u>1,344,837</u>	<u>263</u>	<u>620,763</u>	<u>552,344</u>	<u>68,419</u>
<u>(475,139)</u>	<u>206,384</u>	<u>681,523</u>	<u>100</u>	<u>(15,781)</u>	<u>(15,881)</u>	<u>18,875</u>	<u>192,106</u>	<u>173,231</u>
<u>(\$475,139)</u>	<u>206,384</u>	<u>\$681,523</u>	<u>\$100</u>	<u>(15,781)</u>	<u>(\$15,881)</u>	<u>\$18,875</u>	<u>192,106</u>	<u>\$173,231</u>
	<u>3,881,896</u>			<u>25,926</u>			<u>1,346,886</u>	
	<u>\$4,088,280</u>			<u>\$10,145</u>			<u>\$1,538,992</u>	

(Continued)

CITY OF DAVIS
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	PUBLIC SAFETY			MUNICIPAL ARTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes	\$342,900	\$371,973	\$29,073			
Use of money and property	6,100	1,619	(4,481)	\$6,300	\$503	(\$5,797)
Intergovernmental	90,000	100,894	10,894			
Charges for current services	2,069,100	2,096,045	26,945			
Development fees					1,407	1,407
Other						
Total Revenues	2,508,100	2,570,531	62,431	6,300	1,910	(4,390)
EXPENDITURES						
Current:						
City Manager	12,500	11,970	530			
Finance	62,038	61,059	979			
Community development						
Parks and community services				33,858	21,850	12,008
Public safety - fire	1,452,768	1,178,014	274,754			
Public safety - police	1,182,798	1,270,242	(87,444)			
Public works						
Special projects						
Capital improvements						
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	2,710,104	2,521,285	188,819	33,858	21,850	12,008
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(202,004)	49,246	251,250	(27,558)	(19,940)	7,618
OTHER FINANCING SOURCES (USES)						
Proceeds from the issuance of long term debt						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(\$202,004)	49,246	\$251,250	(\$27,558)	(19,940)	\$7,618
BEGINNING FUND BALANCE		235,628			196,505	
ENDING FUND BALANCE		\$284,874			\$176,565	

SUBDIVISION IN-LIEU PARK FEES			IN-LIEU OF PARKING PAYMENTS			PARKING		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$12,600	\$666	(\$11,934)	\$10,800	\$1,260	(\$9,540)	\$30,350	\$32,726	\$2,376
	21,936	21,936		36,000	36,000			
<u>12,600</u>	<u>22,602</u>	<u>10,002</u>	<u>10,800</u>	<u>37,260</u>	<u>26,460</u>	<u>30,350</u>	<u>32,726</u>	<u>2,376</u>
1,152	1,152					1,605	1,605	
			150,000		150,000			
<u>1,152</u>	<u>1,152</u>		<u>150,000</u>		<u>150,000</u>	<u>1,605</u>	<u>1,605</u>	
<u>11,448</u>	<u>21,450</u>	<u>10,002</u>	<u>(139,200)</u>	<u>37,260</u>	<u>176,460</u>	<u>28,745</u>	<u>31,121</u>	<u>2,376</u>
<u>(151,522)</u>	<u>(149,045)</u>	<u>2,477</u>						
<u>(151,522)</u>	<u>(149,045)</u>	<u>2,477</u>						
<u>(\$140,074)</u>	<u>(127,595)</u>	<u>\$12,479</u>	<u>(\$139,200)</u>	<u>37,260</u>	<u>\$176,460</u>	<u>\$28,745</u>	<u>31,121</u>	<u>\$2,376</u>
	<u>344,149</u>			<u>403,729</u>			<u>63,768</u>	
	<u>\$216,554</u>			<u>\$440,989</u>			<u>\$94,889</u>	

(Continued)

CITY OF DAVIS
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	FEDERAL/STATE HIGHWAY GRANTS			COMMUNITY DEVELOPMENT BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$14,472	\$2,164	(\$12,308)		\$389	\$389
Intergovernmental	250,000	266,400	16,400	\$1,464,063	802,771	(661,292)
Charges for current services						
Development fees					57,024	57,024
Other						
Total Revenues	<u>264,472</u>	<u>268,564</u>	<u>4,092</u>	<u>1,464,063</u>	<u>860,184</u>	<u>(603,879)</u>
EXPENDITURES						
Current:						
City Manager						
Finance						
Community development	132,814	127,372	5,442			
Parks and community services						
Public safety - fire						
Public safety - police						
Public works	1,464,842	1,084,845	379,997			
Special projects				1,784,308	882,371	901,937
Capital improvements						
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	<u>1,597,656</u>	<u>1,212,217</u>	<u>385,439</u>	<u>1,784,308</u>	<u>882,371</u>	<u>901,937</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(\$1,333,184)</u>	<u>(943,653)</u>	<u>389,531</u>	<u>(320,245)</u>	<u>(22,187)</u>	<u>298,058</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from the issuance of long term debt						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(\$1,333,184)</u>	<u>(943,653)</u>	<u>\$389,531</u>	<u>(\$320,245)</u>	<u>(22,187)</u>	<u>\$298,058</u>
BEGINNING FUND BALANCE		<u>1,333,804</u>			<u>1,981,780</u>	
ENDING FUND BALANCE		<u>\$390,151</u>			<u>\$1,959,593</u>	

OPERATIONAL GRANTS			ECONOMIC (ARRA) STIMULUS			AGRICULTURE LAND ACQUISITION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$34,600	\$7,535	(\$27,065)		\$896	\$896	\$14,600	\$1,384	(\$13,216)
877,986	539,486	(338,500)	\$1,195,031	1,681,583	486,552			
	<u>1,223,208</u>	<u>1,223,208</u>						
<u>912,586</u>	<u>1,770,229</u>	<u>857,643</u>	<u>1,195,031</u>	<u>1,682,479</u>	<u>487,448</u>	<u>14,600</u>	<u>1,384</u>	<u>(13,216)</u>
			347	346	1	20,071	71	20,000
				15,843	(15,843)			
			35,856	5,557	30,299			
			690,424	602,008	88,416			
1,225,646	390,806	834,840	1,007,522	852,109	155,413	469,452	1,571	467,881
<u>1,225,646</u>	<u>390,806</u>	<u>834,840</u>	<u>1,734,149</u>	<u>1,475,863</u>	<u>258,286</u>	<u>489,523</u>	<u>1,642</u>	<u>487,881</u>
<u>(313,060)</u>	<u>1,379,423</u>	<u>1,692,483</u>	<u>(539,118)</u>	<u>206,616</u>	<u>745,734</u>	<u>(474,923)</u>	<u>(258)</u>	<u>474,665</u>
<u>(\$313,060)</u>	<u>1,379,423</u>	<u>\$1,692,483</u>	<u>(\$539,118)</u>	<u>206,616</u>	<u>\$745,734</u>	<u>(\$474,923)</u>	<u>(258)</u>	<u>\$474,665</u>
	<u>7,203,540</u>			<u>10,912</u>			<u>426,048</u>	
	<u>\$8,582,963</u>			<u>\$217,528</u>			<u>\$425,790</u>	

(Continued)

CITY OF DAVIS
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	BUILDING PERMITS AND FEES			DAVISVILLE BOOK		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$4,100	\$1,408	(\$2,692)	\$650	\$70	(\$580)
Intergovernmental						
Charges for current services	1,419,400	\$1,313,085	(106,315)	50	11	(39)
Development fees						
Other						
Total Revenues	1,423,500	1,314,493	(109,007)	700	81	(619)
EXPENDITURES						
Current:						
City Manager						
Finance						
Community development	1,411,037	1,293,864	117,173			
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital improvements						
Debt service:						
Principal						
Interest and fiscal charges						
Total Expenditures	1,411,037	1,293,864	117,173			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,463	20,629	8,166	700	81	(619)
OTHER FINANCING SOURCES (USES)						
Proceeds from the issuance of long term debt						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	\$12,463	20,629	\$8,166	\$700	81	(\$619)
BEGINNING FUND BALANCE		(119,438)			23,746	
ENDING FUND BALANCE		(\$98,809)			\$23,827	

HISTORICAL			BRINLEY/HATTIE WEBER			ASSOCIATION OF BAY AREA GOVERNMENTS CERTIFICATES OF PARTICIPATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$175	\$20	(\$155)	\$300	\$7	(\$293)	\$12,629	\$883	(\$11,746)
<u>175</u>	<u>20</u>	<u>(155)</u>	<u>300</u>	<u>7</u>	<u>(293)</u>	<u>12,629</u>	<u>883</u>	<u>(11,746)</u>
						145,000	145,000	
						71,460	67,921	3,539
						216,460	212,921	3,539
<u>175</u>	<u>20</u>	<u>(155)</u>	<u>300</u>	<u>7</u>	<u>(293)</u>	<u>(203,831)</u>	<u>(212,038)</u>	<u>(8,207)</u>
						216,460	212,921	(3,539)
						216,460	212,921	(3,539)
<u>\$175</u>	<u>20</u>	<u>(\$155)</u>	<u>\$300</u>	<u>7</u>	<u>(\$293)</u>	<u>\$12,629</u>	<u>883</u>	<u>(\$11,746)</u>
	<u>6,546</u>			<u>2,398</u>			<u>380,458</u>	
	<u>\$6,566</u>			<u>\$2,405</u>			<u>\$381,341</u>	

(Continued)

CITY OF DAVIS
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	PUBLIC FACILITY			REDEVELOPMENT AGENCY DEBT SERVICE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property					\$6,127	\$6,127
Intergovernmental						
Charges for current services						
Development fees						
Other						
Total Revenues					6,127	6,127
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				\$635,000	635,000	
Interest and fiscal charges				2,641,276	2,627,399	13,877
Total Expenditures				3,276,276	3,262,399	13,877
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				(3,276,276)	(3,256,272)	20,004
OTHER FINANCING SOURCES (USES)						
Proceeds from the issuance of long term debt				18,000,000	18,000,000	
Transfers in				2,125,965	2,444,499	318,534
Transfers (out)						
Total Other Financing Sources (Uses)				20,125,965	20,444,499	318,534
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES				<u>\$16,849,689</u>	17,188,227	<u>\$338,538</u>
BEGINNING FUND BALANCE						
ENDING FUND BALANCE					<u>\$17,188,227</u>	

DAVIS RESEARCH PARK			ARLINGTON BOULEVARD BENEFIT AREA			CAPITAL GRANTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$21,000	\$2,325	(\$18,675)	\$10,000	\$1,112	(\$8,888)		\$6,991 66,163	\$6,991 66,163
<u>21,000</u>	<u>2,325</u>	<u>(18,675)</u>	<u>10,000</u>	<u>1,112</u>	<u>(8,888)</u>		<u>73,154</u>	<u>73,154</u>
						\$46,359	32,066	14,293
						<u>46,359</u>	<u>32,066</u>	<u>14,293</u>
<u>21,000</u>	<u>2,325</u>	<u>(18,675)</u>	<u>10,000</u>	<u>1,112</u>	<u>(8,888)</u>	<u>(46,359)</u>	<u>41,088</u>	<u>87,447</u>
<u>\$21,000</u>	2,325	<u>(\$18,675)</u>	<u>\$10,000</u>	1,112	<u>(\$8,888)</u>	<u>(\$46,359)</u>	41,088	<u>\$87,447</u>
	<u>781,410</u>			<u>373,642</u>			<u>390,854</u>	
	<u>\$783,735</u>			<u>\$374,754</u>			<u>\$431,942</u>	

(Continued)

CITY OF DAVIS
 BUDGETED NON-MAJOR FUNDS
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>DAVIS LAND ACQUISITION</u>			<u>PUBLIC FACILITIES FINANCING AUTHORITY</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES						
Taxes						
Use of money and property	\$41,200	\$4,599	(\$36,601)	\$5,800	\$644	(\$5,156)
Intergovernmental						
Charges for current services						
Development fees						
Other						
Total Revenues	<u>41,200</u>	<u>4,599</u>	<u>(36,601)</u>	<u>5,800</u>	<u>644</u>	<u>(5,156)</u>
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						
Interest and fiscal charges						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>41,200</u>	<u>4,599</u>	<u>(36,601)</u>	<u>5,800</u>	<u>644</u>	<u>(5,156)</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from the issuance of long term debt						
Transfers in						
Transfers (out)						
Total Other Financing Sources (Uses)						
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$41,200</u>	<u>4,599</u>	<u>(\$36,601)</u>	<u>\$5,800</u>	<u>644</u>	<u>(\$5,156)</u>
BEGINNING FUND BALANCE		<u>1,545,318</u>			<u>216,201</u>	
ENDING FUND BALANCE		<u>\$1,549,917</u>			<u>\$216,845</u>	

REDEVELOPMENT AGENCY CAPITAL PROJECTS			OXFORD CIRCLE PARK AND PARKING LOT			DOWNTOWN AREA CAPITAL REVITALIZATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$14,300	\$12,332	(\$1,968)	\$1,300	\$146	(\$1,154)		\$13,259	\$13,259
	500	500						
<u>14,300</u>	<u>12,832</u>	<u>(1,468)</u>	<u>1,300</u>	<u>146</u>	<u>(1,154)</u>		<u>13,259</u>	<u>13,259</u>
1,337,950	590,600	747,350						
<u>1,337,950</u>	<u>590,600</u>	<u>747,350</u>						
<u>(1,323,650)</u>	<u>(577,768)</u>	<u>745,882</u>	<u>1,300</u>	<u>146</u>	<u>(1,154)</u>		<u>13,259</u>	<u>13,259</u>
765,988	487,868	(278,120)				\$8,200,000	7,462,077	(737,923)
<u>765,988</u>	<u>487,868</u>	<u>(278,120)</u>				<u>8,200,000</u>	<u>7,462,077</u>	<u>(737,923)</u>
<u>(\$557,662)</u>	(89,900)	<u>\$467,762</u>	<u>\$1,300</u>	146	<u>(\$1,154)</u>	<u>\$8,200,000</u>	7,475,336	<u>(\$724,664)</u>
	<u>90,611</u>			<u>49,068</u>				
	<u>\$711</u>			<u>\$49,214</u>			<u>\$7,475,336</u>	

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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, 2011

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
ASSETS					
Cash and investments	\$10,949,982	\$899,466	\$712,534		\$12,561,982
Accrued interest	15,614	1,288			16,902
Accounts receivable	26,421		35,814	\$188,167	250,402
Inventory	336,040				336,040
Advances to other funds	1,361,372				1,361,372
Capital assets:					
Non-depreciable	157,838				157,838
Depreciable	10,594,208				10,594,208
Accumulated depreciation	(6,279,148)				(6,279,148)
Total Assets	<u>17,162,327</u>	<u>900,754</u>	<u>748,348</u>	<u>188,167</u>	<u>18,999,596</u>
LIABILITIES					
Payables:					
Accounts	122,578	35,277			157,855
Leave benefits	99,905	23,709			123,614
Deferred revenue	4,764				4,764
Due to other funds				2,932,122	2,932,122
Claims payable:					
Due within one year			131,821		131,821
Due in more than one year			275,056		275,056
Total Liabilities	<u>227,247</u>	<u>58,986</u>	<u>406,877</u>	<u>2,932,122</u>	<u>3,625,232</u>
NET ASSETS					
Invested in capital assets	4,472,898				4,472,898
Unrestricted	12,462,182	841,768	341,471	(2,743,955)	10,901,466
Total Net Assets	<u>\$16,935,080</u>	<u>\$841,768</u>	<u>\$341,471</u>	<u>(\$2,743,955)</u>	<u>\$15,374,364</u>

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
OPERATING REVENUES					
Charges for current services	\$5,486,213	\$1,644,254	\$7,748,267		\$14,878,734
Total Operating Revenues	<u>5,486,213</u>	<u>1,644,254</u>	<u>7,748,267</u>		<u>14,878,734</u>
OPERATING EXPENSES					
Central stores	207,626				207,626
Central equipment	1,549,271				1,549,271
Duplication - postal	176,574				176,574
City administrative facility maintenance	587,874	1,279,657			1,867,531
City electrical maintenance		140,564	76,000		216,564
Insurance administration			309,857		309,857
Insurance premiums			7,317,311		7,317,311
Litigation			103,119		103,119
MIS services	2,117,751				2,117,751
Other				\$3,268,115	3,268,115
Depreciation	1,868,692				1,868,692
Total Operating Expenses	<u>6,507,788</u>	<u>1,420,221</u>	<u>7,806,287</u>	<u>3,268,115</u>	<u>19,002,411</u>
Operating Income (Loss)	<u>(1,021,575)</u>	<u>224,033</u>	<u>(58,020)</u>	<u>(3,268,115)</u>	<u>(4,123,677)</u>
NONOPERATING REVENUES					
Interest income	232,129	3,561	451		236,141
Loss on disposal of capital assets	32,060				32,060
Other	264,999		20,253	3,261,387	3,546,639
Total Nonoperating Revenues	<u>529,188</u>	<u>3,561</u>	<u>20,704</u>	<u>3,261,387</u>	<u>3,814,840</u>
Income (Loss) before transfers	<u>(492,387)</u>	<u>227,594</u>	<u>(37,316)</u>	<u>(6,728)</u>	<u>(308,837)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in		1,115	195,478		196,593
Transfers (out)	(1,115)				(1,115)
Total Other Financing Sources (Uses)	<u>(1,115)</u>	<u>1,115</u>	<u>195,478</u>		<u>195,478</u>
Change in Net Assets	<u>(493,502)</u>	<u>228,709</u>	<u>158,162</u>	<u>(6,728)</u>	<u>(113,359)</u>
SPECIAL ITEM:					
Change in Accounting Measurement	(2,134,138)				(2,134,138)
BEGINNING NET ASSETS (DEFICIT)	<u>19,562,720</u>	<u>613,059</u>	<u>183,309</u>	<u>(2,737,227)</u>	<u>17,621,861</u>
ENDING NET ASSETS (DEFICIT)	<u>\$16,935,080</u>	<u>\$841,768</u>	<u>\$341,471</u>	<u>(\$2,743,955)</u>	<u>\$15,374,364</u>

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2011

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$5,709,634	\$1,644,254	\$7,763,171	\$3,073,220	\$18,190,279
Payments to suppliers	(4,082,662)	(203,862)	(10,074,421)		(14,360,945)
Payments to employees	(579,887)	(1,280,649)		129,679	(1,730,857)
Claims paid			(163,039)	(3,268,115)	(3,431,154)
Cash Flows from Operating Activities	1,047,085	159,743	(2,474,289)	(65,216)	(1,332,677)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts	796,838			65,216	862,054
Transfers in		1,115	195,478		196,593
Transfers (out)	(1,115)				(1,115)
Cash Flows from Noncapital Financing Activities	795,723	1,115	195,478	65,216	1,057,532
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Sales (Acquisitions) of capital assets, net	266,263				266,263
Cash Flows from Capital and Related Financing Activities	266,263				266,263
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	232,374	3,359	3,429		239,162
Cash Flows from Investing Activities	232,374	3,359	3,429		239,162
Net Cash Flows	2,341,445	164,217	(2,275,382)		230,280
Cash and investments at beginning of period	8,608,537	735,249	2,987,916		12,331,702
Cash and investments at end of period	\$10,949,982	\$899,466	\$712,534		\$12,561,982
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	(\$1,021,575)	\$224,033	(\$58,020)	(\$3,268,115)	(\$4,123,677)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	1,868,692				1,868,692
Other revenues	264,999		20,253	3,261,387	3,546,639
Change in assets and liabilities:					
General accounts receivable	39,188		(5,349)	(188,167)	(154,328)
Prepaid expenses				129,679	129,679
Inventory	7,466				7,466
Accounts payable	(38,906)	(63,298)	(2,371,253)		(2,473,457)
Leave benefits payable	7,987	(992)			6,995
Claims payable			(59,920)		(59,920)
Deposits payable	(81,360)				(81,360)
Deferred revenue	594				594
Cash Flows from Operating Activities	\$1,047,085	\$159,743	(\$2,474,289)	(\$65,216)	(\$1,332,677)

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, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Public Facilities Financing Authority</u>				
Assets:				
Cash and investments	\$3,861,354		\$17,549	\$3,843,805
Cash with fiscal agents	988,026		4,836	983,190
Accrued interest receivable	6,998	\$3,720	6,998	3,720
Total Assets	<u>\$4,856,378</u>	<u>\$3,720</u>	<u>\$29,383</u>	<u>\$4,830,715</u>
Liabilities:				
Due to bondholders	\$4,856,378	\$3,720	\$29,383	\$4,830,715
Total Liabilities	<u>\$4,856,378</u>	<u>\$3,720</u>	<u>\$29,383</u>	<u>\$4,830,715</u>
<u>Mello Roos Community Facilities District</u>				
Assets:				
Cash and investments	\$2,556,904		\$74,369	\$2,482,535
Cash with fiscal agents	368,387		5,809	\$362,578
Accrued interest receivable	3,903	\$1,377	3,903	1,377
Total Assets	<u>\$2,929,194</u>	<u>\$1,377</u>	<u>\$84,081</u>	<u>\$2,846,490</u>
Liabilities:				
Due to bondholders	\$2,929,194	\$1,377	\$84,081	\$2,846,490
Total Liabilities	<u>\$2,929,194</u>	<u>\$1,377</u>	<u>\$84,081</u>	<u>\$2,846,490</u>
<u>University Research Park</u>				
Assets:				
Cash and investments	\$363,784	\$31,993		\$395,777
Accrued interest receivable	638	325	\$638	325
Total Assets	<u>\$364,422</u>	<u>\$32,318</u>	<u>\$638</u>	<u>\$396,102</u>
Liabilities:				
Due to bondholders	\$364,422	\$32,318	\$638	\$396,102
Total Liabilities	<u>\$364,422</u>	<u>\$32,318</u>	<u>\$638</u>	<u>\$396,102</u>

CITY OF DAVIS
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2011

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<u>Special Assessment Parking District #3</u>				
Assets:				
Cash and investments	\$130,661	\$535		\$131,196
Accrued interest receivable	334	173	\$334	173
Total Assets	<u>\$130,995</u>	<u>\$708</u>	<u>\$334</u>	<u>\$131,369</u>
Liabilities:				
Due to bondholders	\$130,995	\$708	\$334	\$131,369
Total Liabilities	<u>\$130,995</u>	<u>\$708</u>	<u>\$334</u>	<u>\$131,369</u>
<u>Woodland-Davis Clean Water Agency JPA</u>				
Assets:				
Cash and investments	\$315,092	\$1,422,658		\$1,737,750
Accounts receivable	330,500	834,750	\$330,500	834,750
Total Assets	<u>\$645,592</u>	<u>\$2,257,408</u>	<u>\$330,500</u>	<u>\$2,572,500</u>
Liabilities:				
Accounts payable	\$265,725	\$1,937,442	\$265,725	\$1,937,442
Due to members	379,867	319,966	64,775	635,058
Total Liabilities	<u>\$645,592</u>	<u>\$2,257,408</u>	<u>\$330,500</u>	<u>\$2,572,500</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$7,227,795	\$1,455,186	\$91,918	\$8,591,063
Cash with fiscal agents	1,356,413		10,645	1,345,768
Accrued interest receivable	11,873	5,595	11,873	5,595
Accounts receivable	330,500	834,750	330,500	834,750
Total Assets	<u>\$8,926,581</u>	<u>\$2,295,531</u>	<u>\$444,936</u>	<u>\$10,777,176</u>
Liabilities:				
Accounts payable	\$265,725	\$1,937,442	\$265,725	\$1,937,442
Due to members	379,867	319,966	64,775	635,058
Due to bondholders	8,280,989	\$38,123	114,436	8,204,676
Total Liabilities	<u>\$8,926,581</u>	<u>\$2,295,531</u>	<u>\$444,936</u>	<u>\$10,777,176</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:

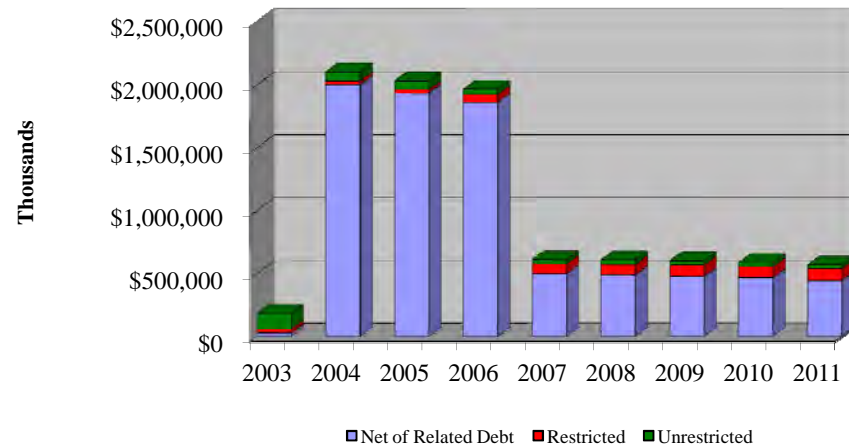
1. Full-Time Equivalent City Government Employees by Function
2. Operating Indicators by Function/Program
3. Capital Asset Statistics by Function/Program

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 Nine Fiscal Years
(accrual basis of accounting)



	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$219,145,446
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	95,845,260
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	(8,572,349)
Total governmental activities net assets	\$107,736,802	\$2,025,607,857	\$1,951,523,013	\$1,881,829,886	\$362,864,953	\$358,345,383	\$346,215,545	\$328,680,787	\$306,418,357
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	\$223,254,657
Restricted	\$106,216	\$106,216	85,847	85,847	85,847				69,850
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	37,774,437
Total business-type activities net assets	\$74,934,482	\$77,476,371	\$80,214,098	\$82,078,125	\$247,039,895	\$250,329,970	\$250,329,970	\$257,131,016	\$261,098,944
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	\$442,400,103
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	95,915,110
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	29,202,088
Total primary government net assets	\$182,671,284	\$2,103,084,228	\$2,031,737,111	\$1,963,908,011	\$609,904,848	\$608,675,353	\$601,934,129	\$585,811,803	\$567,517,301

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

	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
Expenses				
Governmental Activities:				
General Government	\$3,225,626	\$3,225,626	\$3,571,950	\$3,558,319
Public Safety	15,461,386	15,461,386	17,309,890	20,723,420
Public Works and Special Projects	7,381,924	7,381,924	90,309,525	92,673,791
Community Development	3,874,644	3,874,644	2,881,783	3,583,231
Parks and Community Services	16,445,283	16,445,283	18,094,869	18,685,011
Interest on Long Term Debt	1,811,617	1,811,617	1,903,353	1,246,150
Total Governmental Activities Expenses	<u>48,200,480</u>	<u>48,200,480</u>	<u>134,071,370</u>	<u>140,469,922</u>
Business-Type Activities:				
Water	5,557,625	5,557,625	6,272,414	6,670,915
Sanitation	7,315,874	7,315,874	7,565,779	7,680,397
Sewer	5,885,551	5,885,551	5,135,805	6,446,797
Storm Sewer	1,288,905	1,288,905	1,454,896	1,704,263
Public transit	3,461,619	3,461,619	6,609,123	3,195,770
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>
Total Primary Government Expenses	<u>\$71,710,054</u>	<u>\$71,710,054</u>	<u>\$161,109,387</u>	<u>\$166,168,064</u>
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$699,240	\$699,240	\$1,010,879	\$1,026,383
Public Safety	1,876,887	1,876,887	3,005,892	2,264,993
Public Works	267,186	267,186	442,050	165,807
Community Development	2,976,417	2,976,417	2,456,030	3,246,174
Parks and Community Services	2,153,542	2,153,542	2,113,853	2,135,708
Operating Grants and Contributions	14,026,809	14,026,809	12,527,085	14,240,090
Development impact fees and permits	4,374,463	4,374,463	1,815,385	5,370,574
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>
Business-Type Activities:				
Charges for Services:				
Water	5,282,564	5,282,564	6,308,856	5,781,440
Sanitation	7,475,904	7,475,904	7,544,575	7,481,207
Sewer	5,013,322	5,013,322	7,048,496	7,836,303
Storm Sewer	1,219,046	1,219,046	1,234,991	1,295,695
Public transit	13,843	13,843	16,090	15,685
Operating Grants and Contributions	4,132,729	4,132,729	7,276,079	3,275,727
Development impact fees and permits	101,061	101,061		961,984
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>
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>
Net (Expense)/Revenue				
Governmental Activities	(\$21,825,936)	(\$21,825,936)	(\$110,700,196)	(\$112,020,193)
Business-Type Activities	<u>(271,105)</u>	<u>(271,105)</u>	<u>2,391,070</u>	<u>949,899</u>
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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$4,147,737	\$4,960,591	\$5,080,518	\$4,722,315	\$5,153,512
19,574,310	24,805,660	26,156,968	27,772,647	25,224,672
92,661,922	21,430,517	23,333,235	27,364,557	28,375,753
3,562,456	3,834,291	3,719,243	2,998,509	3,307,303
18,554,243	28,899,628	30,071,359	27,267,525	21,141,859
1,276,405	518,674	1,391,009	1,429,321	2,798,312
<u>139,777,073</u>	<u>84,449,361</u>	<u>89,752,332</u>	<u>91,554,874</u>	<u>86,001,411</u>
6,657,576	9,393,349	9,236,481	10,266,380	9,946,088
7,906,456	8,657,912	8,777,295	8,986,002	9,169,294
7,249,341	8,543,712	8,803,769	8,727,978	8,247,337
1,827,081	3,145,490	2,832,790	2,947,887	3,868,242
4,512,019	5,875,783	7,718,465	11,787,091	4,306,554
<u>28,152,473</u>	<u>35,616,246</u>	<u>37,368,800</u>	<u>42,715,338</u>	<u>35,537,515</u>
<u>\$167,929,546</u>	<u>\$120,065,607</u>	<u>\$127,121,132</u>	<u>\$134,270,212</u>	<u>\$121,538,926</u>
\$1,035,092	\$1,708,030	\$2,408,802	\$2,503,106	\$2,614,427
1,964,664	2,438,460	2,104,655	2,095,245	2,169,650
191,953	548,021	360,110	334,326	333,556
2,590,696	2,204,448	2,009,982	1,780,545	2,378,826
2,255,983	2,594,141	2,743,358	2,733,651	2,740,804
14,423,942	18,585,069	22,869,051	17,535,502	15,277,248
1,515,806	5,711,509	1,028,625	796,061	655,983
<u>23,978,136</u>	<u>33,789,678</u>	<u>33,524,583</u>	<u>27,778,436</u>	<u>26,170,494</u>
6,275,459	9,018,403	9,545,841	9,896,995	10,131,953
8,069,352	8,592,544	8,821,374	8,967,949	8,975,404
9,145,774	11,919,343	13,502,462	12,751,768	12,613,144
1,451,252	1,567,009	1,506,083	1,519,490	1,561,457
16,043	28,110	32,644	36,354	32,585
3,958,332	5,891,383	7,374,894	11,750,908	3,998,505
509,050	238,444	864,944		
<u>29,425,262</u>	<u>37,255,236</u>	<u>41,648,242</u>	<u>44,923,464</u>	<u>37,313,048</u>
<u>\$53,403,398</u>	<u>\$71,044,914</u>	<u>\$75,172,825</u>	<u>\$72,701,900</u>	<u>\$63,483,542</u>
(\$115,798,937)	(\$50,659,683)	(\$56,227,749)	(\$63,776,438)	(\$59,830,917)
1,272,789	1,638,990	4,279,442	2,208,126	1,775,533
<u>(\$114,526,148)</u>	<u>(\$49,020,693)</u>	<u>(\$51,948,307)</u>	<u>(\$61,568,312)</u>	<u>(\$58,055,384)</u>

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

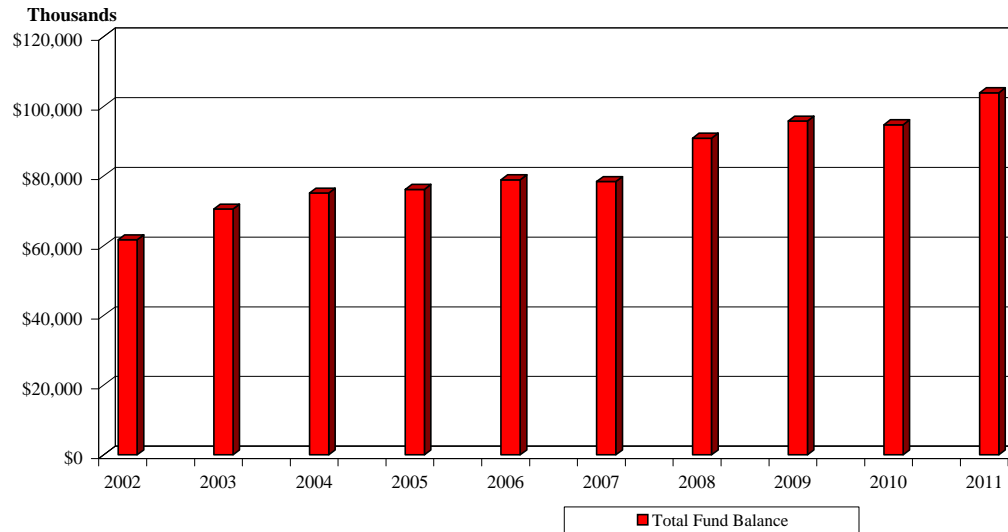
	Fiscal Year Ended June 30,			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Property Taxes	\$11,737,158	\$13,717,077	\$14,150,857	\$17,016,586
Sales Taxes	5,548,113	5,434,627	8,052,765	8,988,381
Municipal Services	1,772,132	1,853,167	1,921,115	2,001,032
Business License	1,043,991	1,075,340	1,139,725	1,179,106
Park Maintenance	1,305,426	1,292,315	1,312,782	1,315,708
Construction	1,154,752	852,777	847,051	787,699
Open Space Protection	630,112	615,616	625,694	627,096
Franchise	794,452	849,649	876,117	877,670
Transient Occupancy Tax	908,964	981,074	928,090	940,886
Transfer	239,465	270,800	334,523	257,580
Other Taxes	360,631		309,593	
Motor Vehicle In-Lieu	3,578,071	3,509,788	4,316,129	4,618,842
Investment Earnings	2,673,312	852,878	2,045,947	1,295,101
Miscellaneous	849,025	964,693	1,074,961	2,791,561
Total Government Activities	<u>32,595,604</u>	<u>32,269,801</u>	<u>37,935,349</u>	<u>42,697,248</u>
Business-Type Activities:				
Interest Earnings	343,612	116,518	480,419	404,646
Miscellaneous	868,382	34,301	1,307,409	449,358
Total Business-Type Activities	<u>1,211,994</u>	<u>150,819</u>	<u>1,787,828</u>	<u>854,004</u>
Total Primary Government	<u>\$33,807,598</u>	<u>\$32,420,620</u>	<u>\$39,723,177</u>	<u>\$43,551,252</u>
Change in Net Assets				
Governmental Activities	\$10,769,668	(\$78,430,395)	(\$74,084,844)	(\$73,101,689)
Business-Type Activities	940,889	2,541,889	2,737,727	2,126,793
Total Primary Government	<u>\$11,710,557</u>	<u>(\$75,888,506)</u>	<u>(\$71,347,117)</u>	<u>(\$70,974,896)</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$18,437,026	\$19,717,475	\$19,909,233	\$20,322,775	\$20,462,811
8,834,409	9,117,999	7,733,047	8,418,817	7,894,939
2,076,696	2,165,883	2,239,758	4,336,510	2,417,072
1,258,072	1,283,451	1,351,827	1,492,242	1,466,725
1,315,081	1,337,888	1,341,289	1,344,782	1,329,056
371,489	856,186	237,777	208,859	342,590
627,345	637,786	640,287	641,221	634,857
1,003,229	1,022,880	1,066,032	1,034,530	1,067,657
1,056,691	1,120,983	1,031,031	912,456	958,434
236,092	(214,596)			
4,723,196	4,888,366	4,961,873	5,054,571	5,213,376
3,542,701	3,313,964	1,895,335	558,490	236,141
1,452,218	719,943	1,568,513	542,805	2,495,652
<u>44,934,245</u>	<u>45,968,208</u>	<u>43,976,002</u>	<u>44,868,058</u>	<u>44,519,310</u>
1,128,852	1,301,203	814,923	318,724	298,741
326,244	135,286	294,249	131,317	338,868
<u>1,455,096</u>	<u>1,436,489</u>	<u>1,109,172</u>	<u>450,041</u>	<u>637,609</u>
<u>\$46,389,341</u>	<u>\$47,404,697</u>	<u>\$45,085,174</u>	<u>\$45,318,099</u>	<u>\$45,156,919</u>
(\$5,060,205)	(\$4,691,475)	(\$12,129,838)	(\$18,780,493)	(\$15,311,607)
<u>4,062,297</u>	<u>3,075,479</u>	<u>5,388,614</u>	<u>2,658,167</u>	<u>2,413,142</u>
<u>(\$997,908)</u>	<u>(\$1,615,996)</u>	<u>(\$6,741,224)</u>	<u>(\$16,122,326)</u>	<u>(\$12,898,465)</u>

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

Total Fund Balance



	Fiscal Year Ended June 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:										
Reserved	\$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	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	
Nonspendable										\$190,606
Restricted										
Committed										
Assigned										
Unassigned										6,350,652
Total General Fund	<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>	<u>\$6,541,258</u> (a)
All Other Governmental Funds:										
Reserved	\$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	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	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	
Nonspendable										
Restricted										\$87,819,702
Committed										9,899,535
Assigned										
Unassigned										(399,822)
Total All Other Governmental Funds	<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>	<u>\$97,319,415</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,			
	2002	2003	2004	2005
Revenues				
Taxes	\$24,075,386	\$25,434,082	\$27,082,587	\$30,498,312
Licenses, permits and fees	927,267	1,022,193	877,681	1,004,427
Fines and forfeitures	615,553	905,959	997,748	1,131,340
Use of money and property	3,011,331	2,476,607	776,841	1,854,330
Intergovernmental	16,085,891	16,542,689	15,911,100	17,226,773
Charges for current services	6,205,880	7,565,251	6,720,666	7,879,991
Development fees	2,511,439	3,570,435	1,519,665	3,846,464
Administrative fee - Enterprise Fund	740,944	849,371	955,493	1,040,717
Other	456,983	849,025	685,477	131,968
Total Revenues	54,630,674	59,215,612	55,527,258	64,614,322
Expenditures				
Current:				
General government	3,071,701	3,149,546	3,482,340	3,381,214
Public safety	14,048,087	14,750,154	16,777,950	19,866,978
Public works	3,552,472	3,631,578	2,458,887	3,530,097
Community development	2,377,021	2,926,577	2,837,643	3,482,608
Parks and community services	14,658,793	16,301,173	16,886,059	17,151,735
Special projects	3,277,709	3,695,386	4,293,233	6,408,977
Debt service:				
Principal repayment	230,000	310,000	340,000	295,000
Interest and fiscal charges	1,309,345	1,293,840	1,719,446	1,199,786
Special assessment	428,837	159,233	133,997	116,907
Capital improvements	7,638,898	4,209,168	4,206,318	10,135,957
Total Expenditures	50,592,863	50,426,655	53,135,873	65,569,259
Excess (deficiency) of revenues over (under) expenditures	4,037,811	8,788,957	2,391,385	(954,937)
Other Financing Sources (Uses)				
Transfers in	9,762,711	8,581,648	4,798,387	5,751,571
Transfers (out)	(10,214,435)	(8,581,648)	(4,811,631)	(4,972,420)
Proceeds from issuance of debts			9,265,000	1,200,000
Payments to refunded bond escrow			(7,022,700)	
Sale of real property				
Total other financing sources (uses)	(451,724)		2,229,056	1,979,151
Net Change in fund balances	\$3,586,087	\$8,788,957	\$4,620,441	\$1,024,214
Debt service as a percentage of noncapital expenditures	(a)	3.8%	4.5%	2.9%

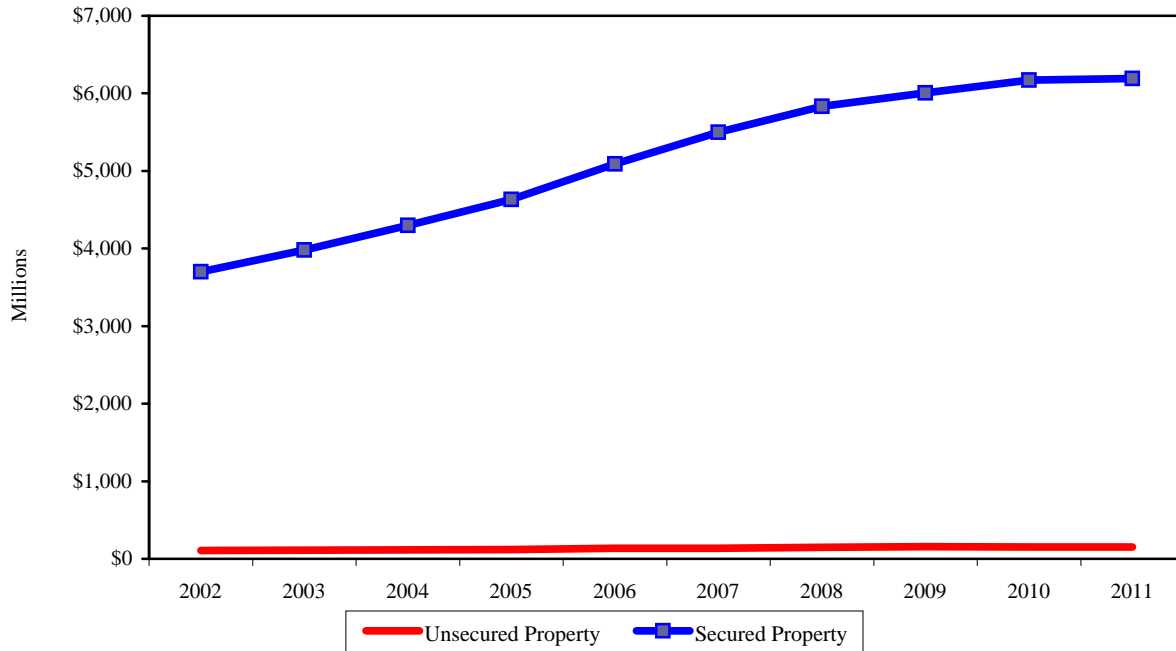
NOTE:

(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	2011
\$38,633,353	\$39,781,903	\$42,254,186	\$3,101,875	\$41,867,742	\$41,786,803
1,540,924	107	115		188	182
888,727	941,447	944,583		861,131	1,004,144
1,661,219	3,297,325	3,671,372	447,517	1,074,244	1,031,044
15,320,106	17,973,506	16,785,328	7,965,356	15,243,036	13,442,401
6,510,429	8,586,539	9,054,124	3,341,896	8,279,578	8,698,620
701,840	1,423,911	4,705,005	11,735	592,374	494,460
1,118,422	1,405,458	1,794,961		2,316,719	2,296,790
1,075,316	629,277	504,120	222,733	2,407,821	1,795,965
67,450,336	74,039,473	79,713,794	15,091,112	72,642,833	70,550,409
4,064,483	4,709,156	5,088,011	65,005	4,459,542	4,911,217
20,160,141	22,482,705	24,678,723	2,337,331	25,348,848	24,168,701
3,893,669	4,647,856	4,431,330	3,242,437	4,485,175	4,210,546
3,520,994	3,629,991	3,913,194	1,718,225	2,794,363	3,181,665
17,983,887	22,286,696	25,113,063	2,197,249	22,543,846	18,663,508
6,689,316	4,962,370	6,850,876	775,036	11,115,111	16,750,622
463,419	685,498	1,107,915	890,000	923,828	1,493,799
1,247,229	1,964,862	958,487	1,451,458	1,442,353	2,713,521
86,587	87,526	88,231			
5,396,131	3,445,108	8,307,585	1,791,910	3,372,261	3,118,144
63,505,856	68,901,768	80,537,415	14,468,651	76,485,327	79,211,723
3,944,480	5,137,705	(823,621)	622,461	(3,842,494)	(8,661,314)
6,107,112	5,006,158	3,500,822	2,341,112	4,990,510	29,491,616
(7,265,962)	(5,006,158)	(4,003,532)	(209,198)	(4,972,076)	(29,687,094)
	20,815,000	39,227		13,289	18,000,000
	(12,727,516)				
(1,158,850)	8,087,484	(463,483)	2,131,914	31,723	17,804,522
\$2,785,630	\$13,225,189	(\$1,287,104)	\$2,754,375	(\$3,810,771)	\$9,143,208
3.1%	4.2%	3.0%	18.5%	3.2%	5.5%

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



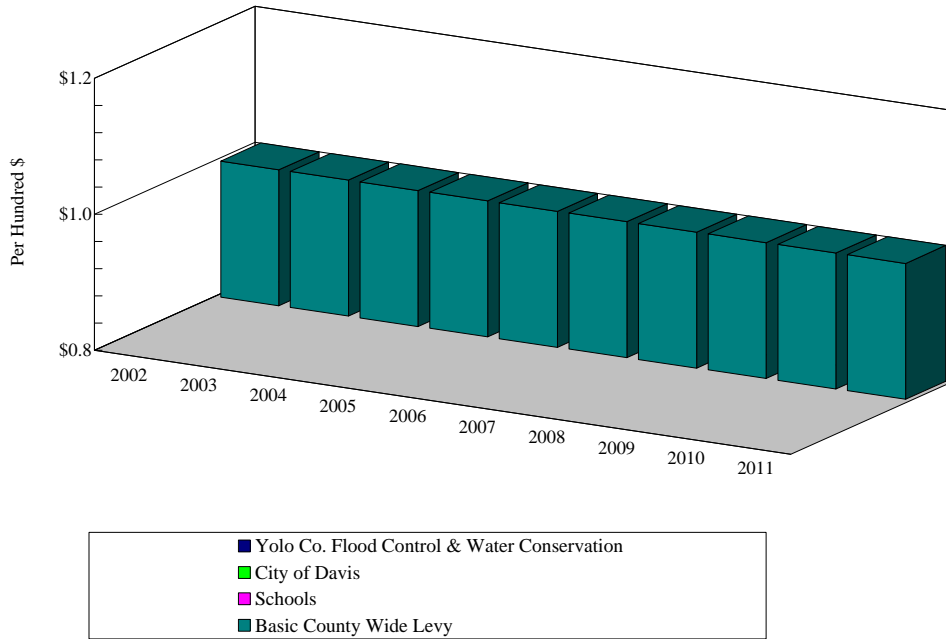
Fiscal Year	Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
2002	\$3,592,309,287	\$108,995,676	\$3,701,304,963	\$3,701,304,963	1%
2003	3,865,177,730	113,350,054	3,978,527,784	3,978,527,784	1%
2004	4,182,229,896	114,517,651	4,296,747,547	4,296,747,547	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%
2011	6,040,438,139	152,101,938	6,192,540,077	6,192,540,077	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
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
2011	1.0000				1.0000

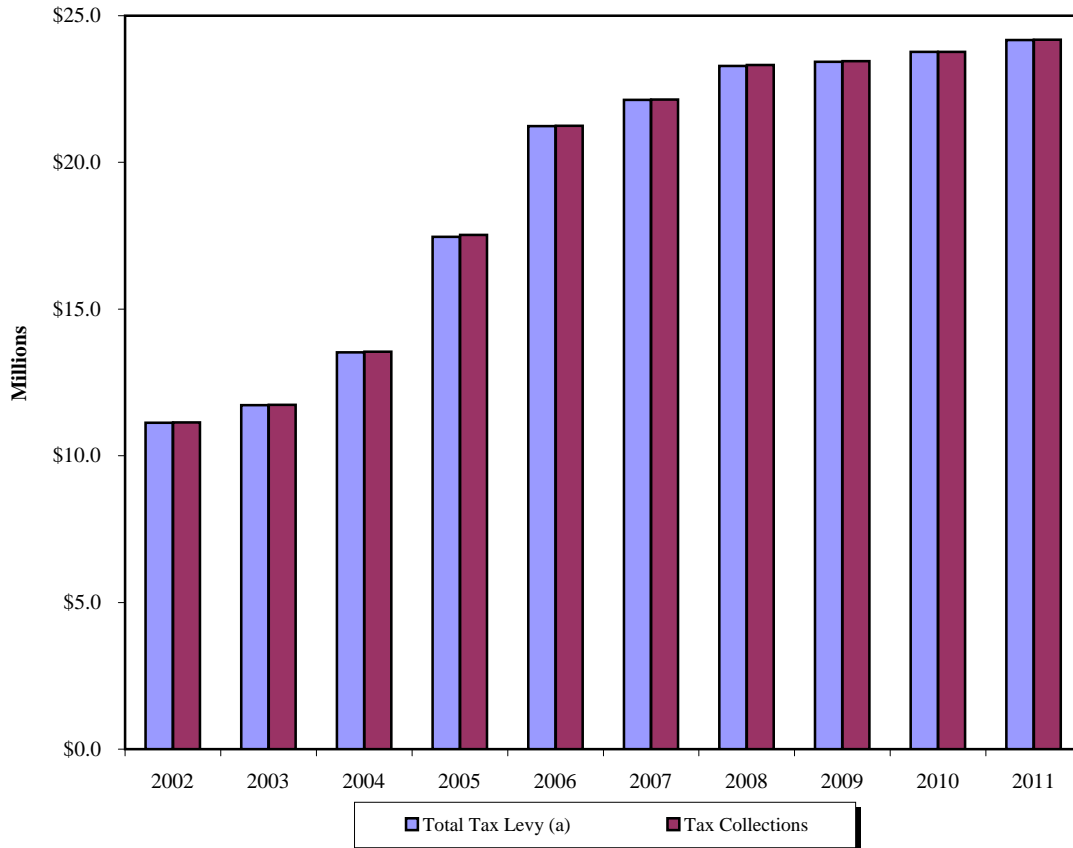
Source: Yolo County Auditor - Controller's Assessed Value Summaries,
State of California Department of Finance and Davis Chamber of Commerce

CITY OF DAVIS
Principal Property Tax Payers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2010-11</u>			<u>2001-02</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Sequoia Equities - Cypress ETAL	44,025,623	1	17.1%			
Kirkwood Village Assoc. ETAL	33,598,700	2	13.0%			
Target Corporation	28,529,474	3	11.1%			
KW Davis LLC	25,408,706	4	9.9%			
Fine Arts LP	23,748,283	5	9.2%	20,760,147	2	12.42%
Olive Drive Partners	22,341,180	6	8.7%			
ARV Covell LLC	21,615,752	7	8.4%			
Buzz Oats LLC ETAL	19,675,547	8	7.6%			
WGA Sycamore Lane LP	19,412,068	9	7.5%			
SE-Davis LLC	19,257,029	10	7.5%			
Conagra Grocery Products Co				24,414,226	1	14.61%
Marketplace Center INC				19,513,470	3	11.68%
West Davis Associates				16,845,361	4	10.08%
Davis Tanblewood LLC				16,239,097	5	9.72%
5th & G Plaza Inc				14,544,098	6	8.70%
Adove at Evergreen Apts, LLC				14,471,548	7	8.66%
SFC Greystone Invest LP ETAL				13,859,395	8	8.29%
Waggener Ranch (Arts) LTD Partnership				13,441,351	9	8.04%
Kaiser Foundation Health Plan INC				13,022,009	10	7.79%
Subtotal	<u>\$257,612,362</u>		<u>100.0%</u>	<u>\$167,110,702</u>		<u>100.0%</u>

Source: Yolo County Assessor Fiscal Year Combined Tax Rolls.

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



Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections (b)	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
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%
2011	24,165,876	24,165,876	100.0000%	21,275	24,187,151	100.0880%

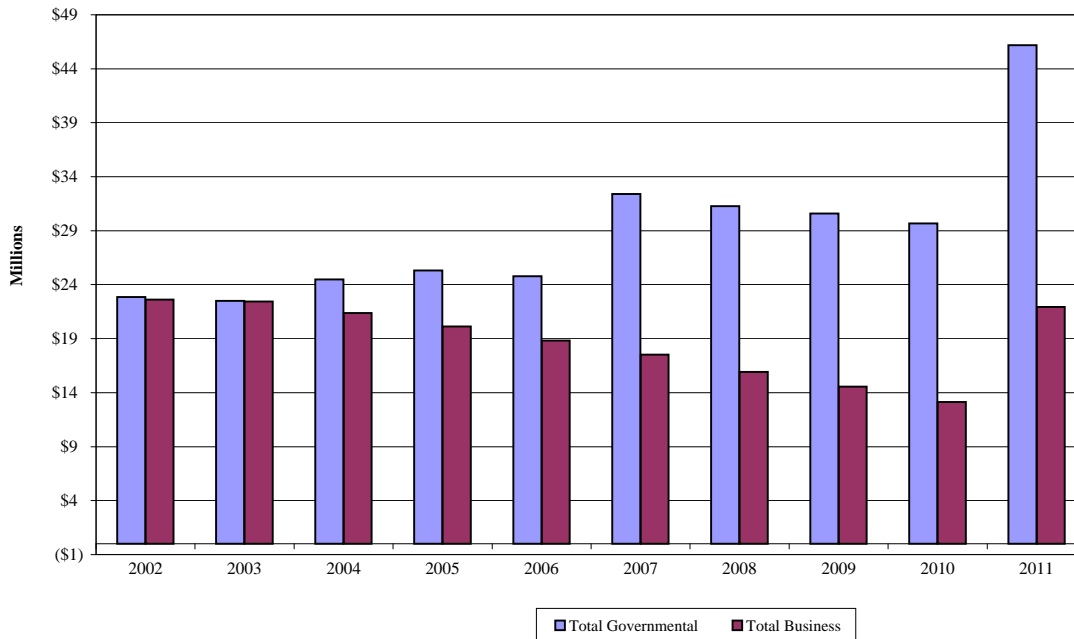
Source: Yolo County Auditor - Controller's Assessed Value Summaries

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

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

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

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



Governmental Activities						
Fiscal Year	Tax Allocation Bonds	Certificates of Participation	Special Assessment Payable	Capital Lease Obligations	Note Payable	Total
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
2011	45,120,000	875,000		196,295		46,191,295

Business-Type Activities								
Fiscal Year	Department of Water Resources	State Revolving Fund Loans	Sewer System Capital Improvement Loan	Lines of Credit	Total	Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
2002	\$6,753,082	\$13,642,056	\$2,233,236		\$22,628,374	\$45,131,466	932.24%	\$718.55
2003	7,398,398	12,909,068	2,147,240		22,454,706	46,935,928	884.85%	699.63
2004	7,075,773	12,237,597	2,056,449		21,369,819	46,689,904	854.79%	708.67
2005	6,612,138	11,548,453	1,960,597		20,121,188	44,909,583	790.91%	704.52
2006	6,140,320	10,841,172	1,859,400		18,840,892	51,254,118	736.58%	675.53
2007	5,656,387	10,115,277	1,752,560		17,524,224	48,789,824	760.87%	269.86
2008	5,160,443	9,130,789	1,639,763		15,930,995	46,526,628	N/A	716.52
2009	4,651,531	8,385,136	1,520,677		14,557,344	44,242,438	N/A	678.27
2010	4,129,424	7,620,513	1,394,951		13,144,888	42,303,541	N/A	640.91
2011	3,593,956	6,835,765	1,262,215	10,234,117	21,926,053	68,117,348	N/A	607.03

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 143 (Demographic Statistics) for personal income and population data.
Personal Income information is not available for fiscal 2008 to 2011
(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
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	0.46%	426.09
2010	27,755,000	0.45%	416.93
2011	45,120,000	0.73%	413.28

**CITY OF DAVIS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
JUNE 30, 2011**

2010-11 Assessed Valuation	<u>\$6,192,540,077</u>			
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To City of Example</u>	<u>Amount Applicable To City of Davis</u>	
City of Davis - Certificates of Participation	<u>\$875,000</u>	100.000%	<u>\$875,000</u>	
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	<u>\$875,000</u>		<u>\$875,000</u>	
 Overlapping Debt Per Capita			 <u>\$13.33</u>	

Source: City of Davis

**CITY OF DAVIS
COMPUTATION OF LEGAL BONDED DEBT MARGIN
JUNE 30, 2011**

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	<u><u>\$6,040,438,139</u></u>
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BONDED DEBT LIMIT (15% OF ASSESSED VALUE)	<u>\$906,065,721</u>
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AMOUNT OF DEBT SUBJECT TO LIMIT:

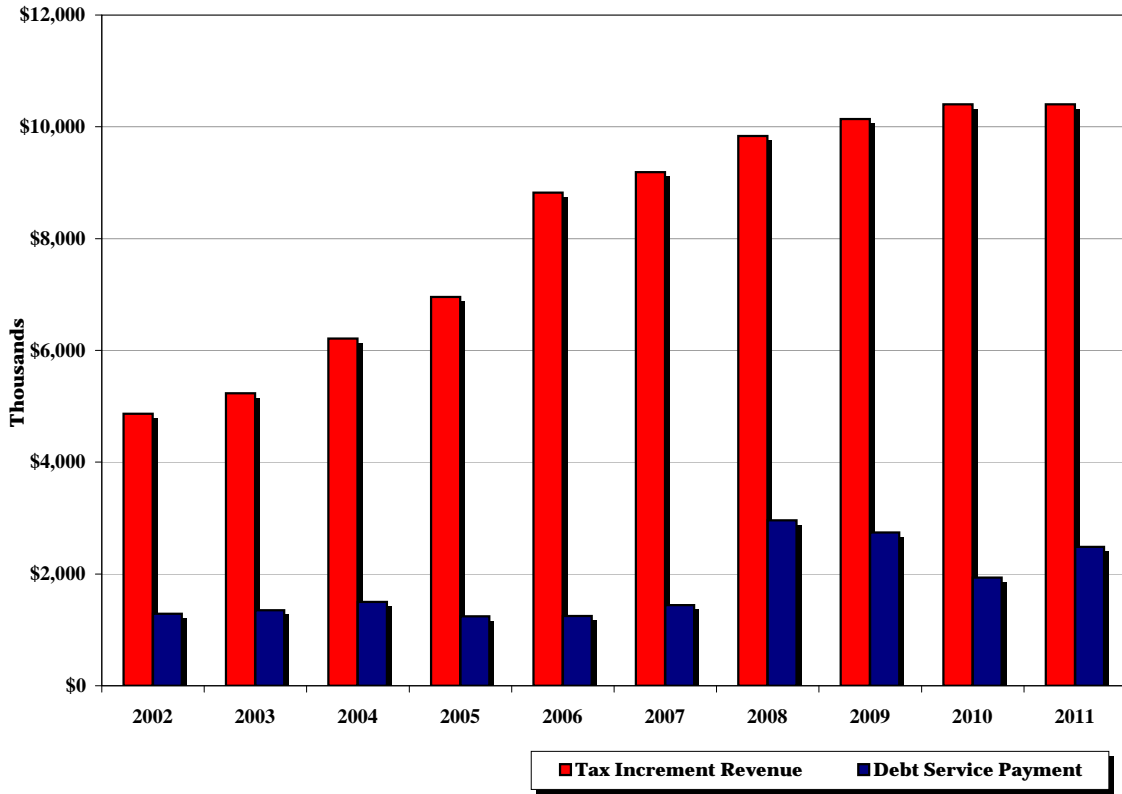
Total Bonded Debt	\$45,120,000
Less: Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	<u>45,120,000</u>

Amount of debt subject to limit

LEGAL BONDED DEBT MARGIN	<u><u>\$906,065,721</u></u>
--------------------------	-----------------------------

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		\$503,984,503	0.00%
2002	555,195,744		555,195,744	0.00%
2003	596,779,168		596,779,168	0.00%
2004	644,512,137		644,512,137	0.00%
2005	694,663,775		694,663,775	0.00%
2006	732,237,018		732,237,018	0.00%
2007	804,376,463		804,376,463	0.00%
2008	852,639,370		852,639,370	0.00%
2009	877,395,869		877,395,869	0.00%
2010	902,942,876		902,942,876	0.00%
2011	906,065,721		906,065,721	0.00%

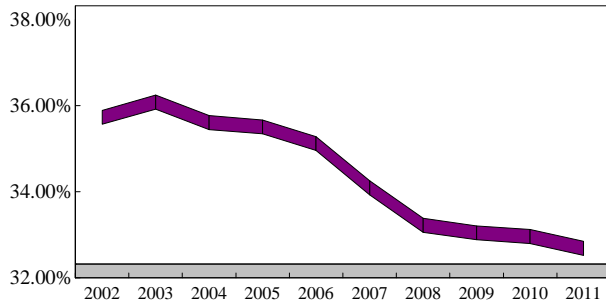
**CITY OF DAVIS
 BONDED DEBT PLEDGED REVENUE COVERAGE
 REDEVELOPMENT AGENCY TAX ALLOCATION BONDS
 LAST TEN FISCAL YEARS**



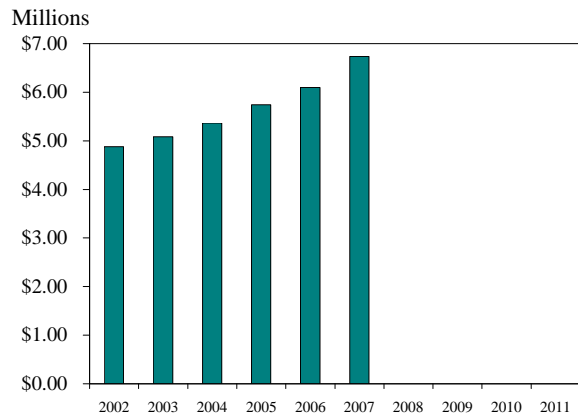
Fiscal Year	Tax Increment Revenue	Debt Service Requirements			Coverage
		Principal	Interest	Total	
2002	\$4,869,155	\$130,000	\$1,156,240	\$1,286,240	3.79
2003	5,231,587	205,000	1,146,736	1,351,736	3.87
2004	6,213,587	225,000	1,274,787	1,499,787	4.14
2005	6,958,112	175,000	1,066,084	1,241,084	5.61
2006	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
2011	10,402,109	635,000	1,595,739	2,484,740	4.19

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,
 2007 Taxable Housing Allocation Bonds, 2011 Subordinate Tax Allocation Bonds,
 Series A, and 2011 Subordinate Taxable Tax Allocation Bonds, Series B

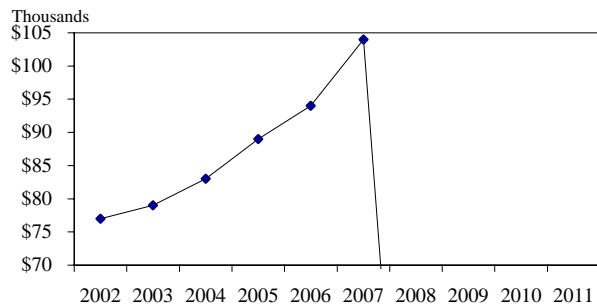
CITY OF DAVIS DEMOGRAPHIC AND ECONOMIC STATISTICS LAST TEN FISCAL YEARS



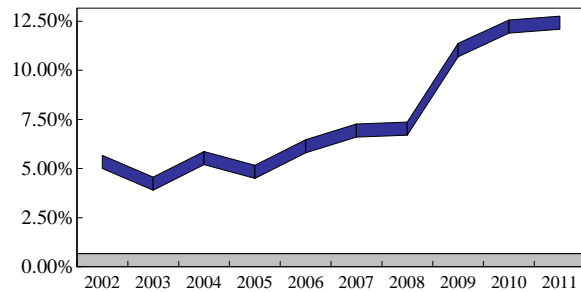
■ City Population as a % of County Population



■ Total Personal Income



◆ Per Capita Personal Income



■ Unemployment Rate (%)

Fiscal Year	City Population	Total Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate (%)	Yolo County Population	City Population % of County
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)	(A)	6.7%	199,066	33.06%
2009	66,005	(A)	(A)	10.7%	200,709	32.89%
2010	66,570	(A)	(A)	11.9%	202,953	32.80%
2011	65,622	(A)	(A)	12.1%	201,759	32.52%

Source: California State Department of Finance

Note: (A) Information not available

CITY OF DAVIS
Principal Employers
Current Year and Five Years Ago

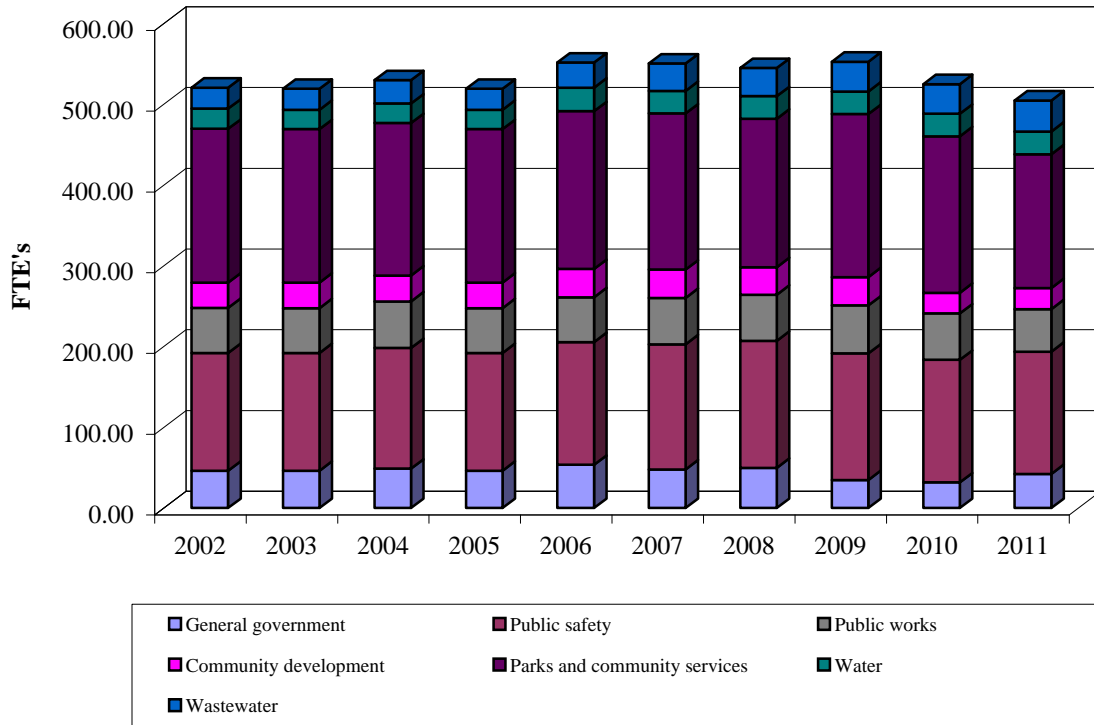
Employer	2010-11			2006-07		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
UC Davis	28,411	1	43.3%	17,637	1	26.8%
Davis Joint Unified School District	972	2	1.5%	976	2	0.0%
City of Davis	492 *	3	0.7%	447	3	0.7%
Sutter Davis Hospital	396	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	191	8	0.3%			
Nugget Market	166	9	0.3%	166	8	0.3%
Davis Food Co-op	133	10	0.2%	133	9	0.2%
Digi International (Z-World)				135	10	0.2%
Kaiser						
Subtotal	<u>31,361</u>		<u>47.8%</u>	<u>20,630</u>		<u>31.3%</u>
Total City Day Population	<u>65,622</u>			<u>65,814</u>		

Source: City of Davis phone survey, fall 2010

Historical data for fiscal year 2001-02 not available

* includes seasonal employees

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



	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Function										
General government	46.20	46.20	48.68	46.20	53.37	47.79	49.78	34.55	31.64	42.23
Public safety	145.68	145.78	149.42	145.78	152.05	154.67	157.22	156.64	151.63	151.27
Public works	55.87	55.38	57.45	55.38	55.44	57.44	57.00	59.45	57.60	52.70
Community development	31.32	31.69	32.17	31.69	35.01	35.18	33.98	35.18	25.57	26.07
Parks and community services	190.19	189.80	188.82	189.80	195.28	193.29	183.83	201.74	193.55	165.62
Water	25.00	24.00	24.00	24.00	28.96	27.96	27.96	27.96	27.96	27.96
Wastewater	26.00	26.00	29.00	26.00	31.21	33.83	34.83	36.68	36.68	38.58
Total	505.69	505.69	518.85	529.54	518.85	551.32	544.60	552.20	524.63	504.43

Source: City of Davis

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

Function/Program	Fiscal Year			
	2002	2003	2004	2005
Public safety:				
Fire:				
Fire calls for service	305	316	316	240
Medical calls for service	1,547	1,859	1,859	2,010
Other calls for service	1,428	1,356	1,356	1,254
Primary fire inspections conducted	991	1,192	1,192	1,247
Fire loss	\$1,403,080	\$827,250	\$827,250	\$792,863
Police:				
Communication Center calls answered (911)	8,664	8,664	8,664	8,054
Police calls for Service	49,386	51,005	51,005	58,256
Law violations:				
Part I and Part II crimes	2,540	2,154	2,154	2,527
Warrants processed (adult and juvenile)	1,261	832	832	877
Driving under influence arrests (DUI)	160	211	211	230
Property loss	\$2,927,592	\$2,957,154	\$2,957,154	\$3,079,862
Property recovered	\$1,390,769	\$1,371,897	\$1,371,897	\$1,160,869
Cases written	7,613	7,174	7,174	7,902
Bicycle thefts	62			
Recovered stolen bicycles	8			
Animal related calls	767	449	449	471
Citizen complaints	17	11	11	23
Noise complaints	3,158	2,862	2,862	3,526
Moving violations	3,643	3,472	3,472	3,526
Parking violations	22,866	25,372	25,372	25,466
Public works				
Annual vandalism expenses	\$27,207	\$72,000	\$72,000	\$72,000
Parks and Community Service				
Community Services:				
Recreation class participants	18,913	29,737	29,737	16,270
Water				
Water service connections	15,806	15,806	15,806	15,371
Average daily consumption (thousands of gallons)	11,898	11,111	12,181	11,548
Wastewater				
Sewer service connections	n/a	n/a	n/a	n/a
Wastewater treated (thousands of gallons)	2,220,000	2,101,000	2,101,000	2,141,000
Solid Waste				
Tons of solid waste generated	54,280	60,143	59,171	59,101
Tons of solid waste diverted from landfill	23,157	24,422	24,864	24,095

Source: City of Davis

Note: n/a denotes information not available.

Fiscal Year					
2006	2007	2008	2009	2010	2011
216	216	232	265	229	193
2,036	2,036	2,281	2,432	2,416	2,448
1,402	1,402	1,490	1,573	1,524	1,432
1,590	1,590	1,195	1,563	1,799	1,806
\$792,863	\$905,185	2,569,901	1,980,190	597,732	591,107
21,602	21,602	8,920	9,095	11,203	12,083
61,646	61,646	57,326	61,328	56,315	57,540
2,368	2,368	2,543	2,464	1,792	1,823
1,083	1,083	1,047	917	727	666
305	305	173	245	166	164
\$2,815,926	\$2,815,926	\$2,555,708	\$3,316,075	\$2,213,102	\$2,235,868
\$69,142	\$691,422	\$605,887	\$763,045	\$778,997	\$574,448
7,430	7,430	6,968	6,815	5,929	5,407
					418
					38
217	217	588	283	276	353
34	34	33	20	32	12
3,288	3,288	2,708	601	2,751	2,919
6,698	6,698	6,059	5,651	4,116	2,554
26,445	26,445	18,483	17,116	17,993	18,020
\$72,000	\$17,444	37,553	11,415	51,916	84,886
33,640	24,152	24,407	24,720	20,327	19,316
16,229	16,229	16,292	16,292	16,325	16,430
10,862	11,972	11,551	10,286	10,286	10,699
n/a	n/a	n/a	n/a	16,325	16,430
2,141,000	2,141,000	2,460,000	2,002,000	2,001,997	1,837,000
59,281	55,695	54,259	49,818	49,818	37,369
25,066	23,155	23,863	21,995	n/a	20,964

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

	Fiscal Year			
	2002	2003	2004	2005
Function/Program				
Public safety:				
Fire stations	3	3	3	3
Number of firefighters and officers	45	46	46	46
Number of chief officers	4	4	4	4
Police stations	1	1	1	1
Number of sworn personnel	54	55	55	60
Public works				
Miles of streets	156	155	155	157
Street lights	5,095	5,101	5,101	5,494
Traffic Signals	56	54	54	54
Culture and recreation:				
Community services:				
City parks	31	31	31	31
City trees	30,000	30,000	30,000	30,000
Miles of on-street bike lanes	49	48	48	51
Miles of off-street bike paths	49	48	48	51
Senior centers	n/a	n/a	n/a	n/a
Swimming pools	4	4	4	4
Tennis courts	25	33	33	32
City buildings maintained	83	84	84	88
Square footage of City Buildings	287,092	287,631	287,631	29,700
Water				
Miles of water mains	175	179	179	179
Number of wells	20	20	20	23
Fire hydrants	1,667	1,667	1,667	1,938
Wastewater				
Miles of sewer mains	162	173	173	162
Miles of storm sewers	94	124	124	95
Wastewater treated (thousands of gallons)	2,220,000	2,101,000	2,101,000	2,141,000

Source: City of Davis

Note: n/a denotes information is not available.

Fiscal Year						
2006	2007	2008	2009	2010	2011	
3	3	3	3	3	3	6
46	46	46	46	46	46	45
4	4	4	4	4	3	3
1	1	1	1	1	1	1
60	60	61	61	61	61	61
257	157	162	165	165	165	166
5,494	5,494	5,403	5,426	5,676	5,676	5,699
54	54	60	60	60	60	61
31	31	31	31	31	31	36
30,000	30,000	30,000	26,000	26,000	26,000	26,000
51	51	54	54	55	55	55
51	51	55	55	56	56	56
n/a	n/a	n/a	n/a	1	1	1
4	4	4	4	4	4	4
33	33	33	33	33	33	33
87	87	87	87	87	87	87
296,694	296,694	301,853	305,093	305,093	305,093	305,093
180	180	178	179	180	180	180
23	23	21	20	20	20	20
1,938	1,942	1,699	1,703	1,703	1,703	1,703
162	162	156	157	164	164	164
95	95	126	127	127	127	127
2,141,000	2,141,000	2,460,000	2,002,000	2,001,997	2,001,997	1,837,000

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