

City of Davis, California

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2013



COMPREHENSIVE ANNUAL FINANCIAL REPORT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2013
CITY OF DAVIS, CALIFORNIA**

Prepared by the Department of Finance

**CITY OF DAVIS, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013**

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January 30, 2014

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, 2013. This report was prepared by the Administrative Services Department and responsibility for both the accuracy of the presented data and the completeness and fairness of its presentation, including all disclosures, rests with the City.

We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The Comprehensive Annual Financial Report is prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). State statutes require an annual audit by independent certified public accountants.

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 2012-2013 will be completed in February of 2014 and a separate Single Audit Report will be issued.

GAAP require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Davis' MD&A can be found immediately following the report of the independent auditors.

REPORTING ENTITY

The enclosed report 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.

The City Council of the City of Davis also has financial responsibility and accountability for the following legally separate entities: City of Davis Redevelopment Successor Agency, 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.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 that provides for the dissolution of all redevelopment agencies in the State of California. The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency”. On January 10, 2012 the City Council elected the City to become the Successor Agency. The Successor Agency is a separate legal entity, which was formed to hold and properly dispose of the assets of the former Redevelopment Agency. The activity of the Successor Agency is overseen by an Oversight Board and comprised of individuals appointed by various governmental agencies.

Enactment of the law occurred on June 28, 2011, which provided that redevelopment agencies could not enter into any new projects, obligations or commitments. The remaining assets can only be used to pay enforceable obligations in existence at the time of dissolution and is subject to the control of the Oversight Board.

The Successor Agency is allocated revenue only in the amount that is necessary to pay the estimated annual payments on the established enforceable obligations until all the obligations have been paid and all assets have been liquidated.

PROFILE OF THE GOVERNMENT

The City of Davis was founded in 1868, and was originally named Davisville for Jerome C. Davis, a prominent local farmer. The Davisville post office shortened the town name in 1907 and the change was official when the city incorporated in March 1917. The City of Davis is a general law city and employs the Council/Manager form of government. The City Council is comprised of five council members. One of these serves as the Mayor and another as the Mayor Pro Tem. Council members are elected for an overlapping four-year term on a citywide basis (called “at large”). The member elected with the greatest number of votes serves as Mayor Pro Tem for the first two years of their term and Mayor for the last two years of their term. The City Council acts as the legislative and policy-making body. Council appoints the City Manager and awards the contract for City Attorney services. The City Manager is the chief administrator, is responsible for hiring department directors, oversees the work of City staff in implementing the policies and priorities of the City Council, and the provision of services to the community.

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

Dedicated to citizen participation, the city has 16 council-appointed commissions that are devoted to various aspects of community life including such elements as planning, recreation, finance/business and economics, natural resources and university student relations.

The development of the Fiscal Annual Operating Budget begins in January with the dissemination of the budget preparation guidelines. The city departments prepare their budgets and submit them to Administrative Services for review and analysis prior to submission to the City Manager. The City Manager and Administrative Services staff meets with department heads to discuss budget changes and requests and to obtain additional information to assist in the assessment of the requests. The proposed budget is then submitted to the City Council for consideration in June and must be adopted by the Council before the start of the new fiscal year.

The City's budget policy is that all appropriations lapse at fiscal year end. Budget reports are presented to the City Council at first quarter and mid-year. The reports provide Council with pre-audit and post-audit prior year financial information, current year-to-date analysis and updated current year estimates and projections. The City Manager may administratively authorize a new appropriation of no more than \$10,000 with a limit of \$50,000 in total per quarter. Quarterly reports are submitted to Council to disclose the administratively approved budget adjustments.

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 33,300 students enrolled. This number has steadily increased over the past several years in part as a response to continued reductions in State funding. A number of significant infrastructure projects are being undertaken on the campus in reaction to 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 capitalizing 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 is just beginning to recover from the severe impacts of the recent recession. The region had witnessed among the higher percentage gains in population, employment, income, and retail sales than any other region in the State. The Sacramento Valley emerged as a center for high-tech manufacturing and research & development firms. Back-office operations for large San Francisco Bay Area firms were also moving into the Sacramento region with its lower land cost, access to labor pool, often cited as advantages of the region. Over the past several years, however, the dramatic drop in home values in the region, combined with the downturn in the general economy, had resulted in a major revision to revenue forecasts for all public agencies that rely heavily on property and sales tax revenues. The region is also feeling negative impacts from reductions spending and some downsizing of State agencies in response to budget challenges facing the State.

Over the past several years, cities have successfully insulated their General Fund revenues from adverse impacts from State budget. Cities worked to secure passage of Proposition 1A (November 2004) which now protects the City's share of property and sales tax revenues. In addition, vehicle license fee revenues have been largely replaced by in-lieu property tax payments, which in turn, now fall under the constitutional protection of Proposition 1A. More recently, in November 2006, voters in the State passed another Proposition 1A, which provides cities with additional protection against loss of (Proposition 42) Transportation funding. While these recent statewide initiatives significantly protect local revenues from actions by the State, there remain a few areas where local revenues are still vulnerable to State actions.

FINANCIAL CONTROLS

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.

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, and internal control is rigorously maintained to provide accountability and to protect the City's cash assets. Investments are conservatively managed with the three primary objectives of (1) safety of principal, (2) liquidity to meet disbursement requirements, and (3) investment yield pursued in that order.

During FY 2012-13, 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 \$404,082 a return of 0.373%.

In fiscal year 1997-98, the City adopted the requirements of Governmental Accounting Standards Board Statement 31, which calls for the recognition in the City's accounts of the unrealized net market value gain or loss on investments held by the City and its fiscal agents. On June 30, 2013 the City's treasury, including Fiduciary funds, held \$142,987,001 in cash and investments.

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.

ECONOMIC PROFILE

The City of Davis is located in Yolo County which is part of the six-county Sacramento Region. This area comprises the counties of El Dorado, Placer, Sacramento, Sutter, Yolo and Yuba. The total employment for October 2013 for the region is currently at 846,000, a net increase of 7,800 jobs from October 2012, with the majority of growth in the hospitality industry. The current forecast for job growth for the coming year is 2.2 percent. Regional unemployment currently stands at 8.1 percent - a drop of 2.9 percent for the year. October 2013 unemployment numbers for the City of Davis stood at 5.2 percent - a drop of 4.6 percent from the high of 9.8 percent in January 2011.

The region's residential real estate market turned a corner last year, with home prices increasing over the previous year. This trend continued, with an 18 percent increase in home prices in the area for calendar year 2012. Davis' home sales price increase was more robust than the region as a whole. The October 2013 year on year home prices for Davis saw an increase of 20.9 percent, with a median home sales price of \$524,500.

LONG-RANGE PLANNINGS

In November 2012, the Davis City Council adopted its Goals for the next two years. Seven goal areas were adopted and included guiding principles and a corresponding action plan for each goal. Following are the goal areas and brief description of each goal.

Fiscal Stability: Ensure short and long-term expenditures and revenues are equivalent, matching community resources to needs without reliance on growth.

Economic Development: Promote economic development consistent with our community values and niche as home of a world-class university.

Downtown Davis: Ensure downtown Davis remains the vibrant economic, cultural, and social center of the community.

Sustainability: Enact policies that strive to meet the needs of the present without compromising the ability of future generations to meet their own needs.

Community Strength and Effectiveness: Create an environment at all levels of the city that encourages effective engagement and results in quality customer service and service delivery.

Infrastructure: Maintain and improve current infrastructure to meet community needs now and into the future.

Public Safety: Keep Davis a safe and secure place for residents, visitors and neighborhoods.

City staff has been making progress implementing these goals and make periodic reports on progress to the Council. A new set of goals will be developed in 2014, after the election of two new council members.

ACCOMPLISHMENTS

Following are the highlights and accomplishments for Fiscal Year 2012/2013

- Continued to adjust department structures to maximize responsiveness to community needs and Council priorities. This included the creation of the Administrative Services Department and the development of the Asset Management Division in Public Works as well as the elimination of the Parks and Community Services Department which was divided between these two areas.
- Continued to advance two significant utility infrastructure projects:

One is the master planning for an upgraded wastewater treatment plant to address more stringent environmental regulations.

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

- Completed labor negotiations with 5 of the 7 labor groups for three year contracts.
- Completed 3 land conservation transactions totaling 824 acres of prime farmland and sensitive habitat.
- Began implementation of boundary drops with the U.C. Davis fire department.
- Completed a survey of City street and bike path conditions to update the pavement management program.
- Completed the Parks and Facilities Master Plan.

ACKNOWLEDGEMENTS

We would like to express our appreciation to the entire Finance staff who work throughout the year to strive to improve the quality of service and financial information provided to the citizens of Davis. And, we thank and acknowledge the staff who dedicated long hours in order to prepare this Comprehensive Annual Financial Report.

The financial operations of the City of Davis are a coordinated partnership with all City departments, and we acknowledge and thank City staff for their efforts to work with Finance throughout the year, and especially during the annual audit and preparation of the CAFR.

We wish to acknowledge the professional manner in which Vavrinek, Trine, Day and Co., LLP conducted the audit and to express appreciation for their assistance.

The Mayor and Council should also be acknowledged for their leadership, strategic planning efforts, support and continuing efforts to maintain strong fiscal health for the City of Davis.

Respectfully submitted,



Steve Pinkerton
City Manager

Yvonne Quiring
Assistant City Manager/
Administrative Services Director

PRINCIPAL OFFICIALS

CITY OF DAVIS

JUNE 30, 2013

CITY COUNCIL

Mayor	Joe Krovoza
Mayor Pro-Tern	Rochelle Swanson
Councilmember	Dan Wolk
Councilmember	Lucas Frerichs
Councilmember	Brett Lee

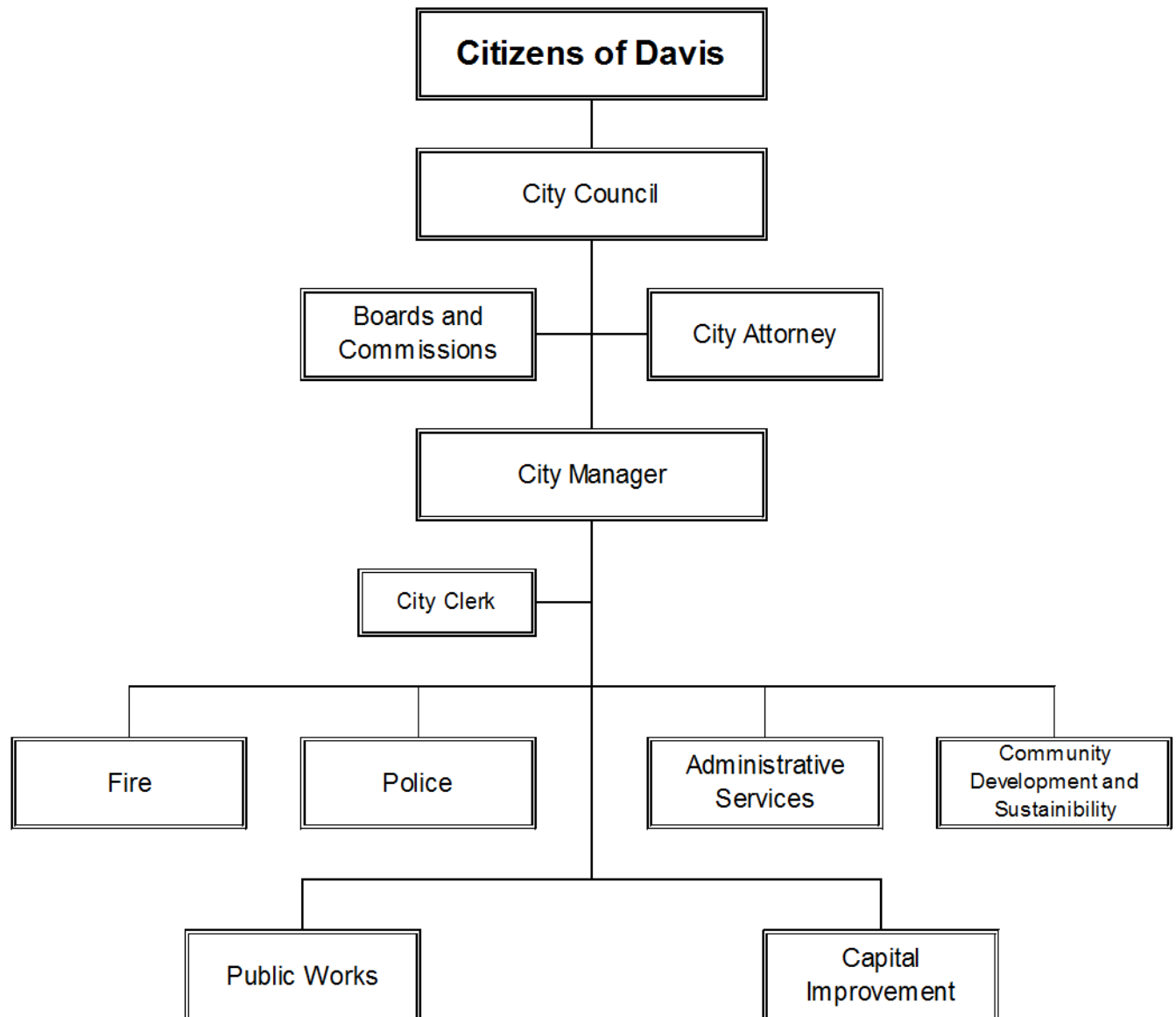
ADMINISTRATIVE OFFICIALS

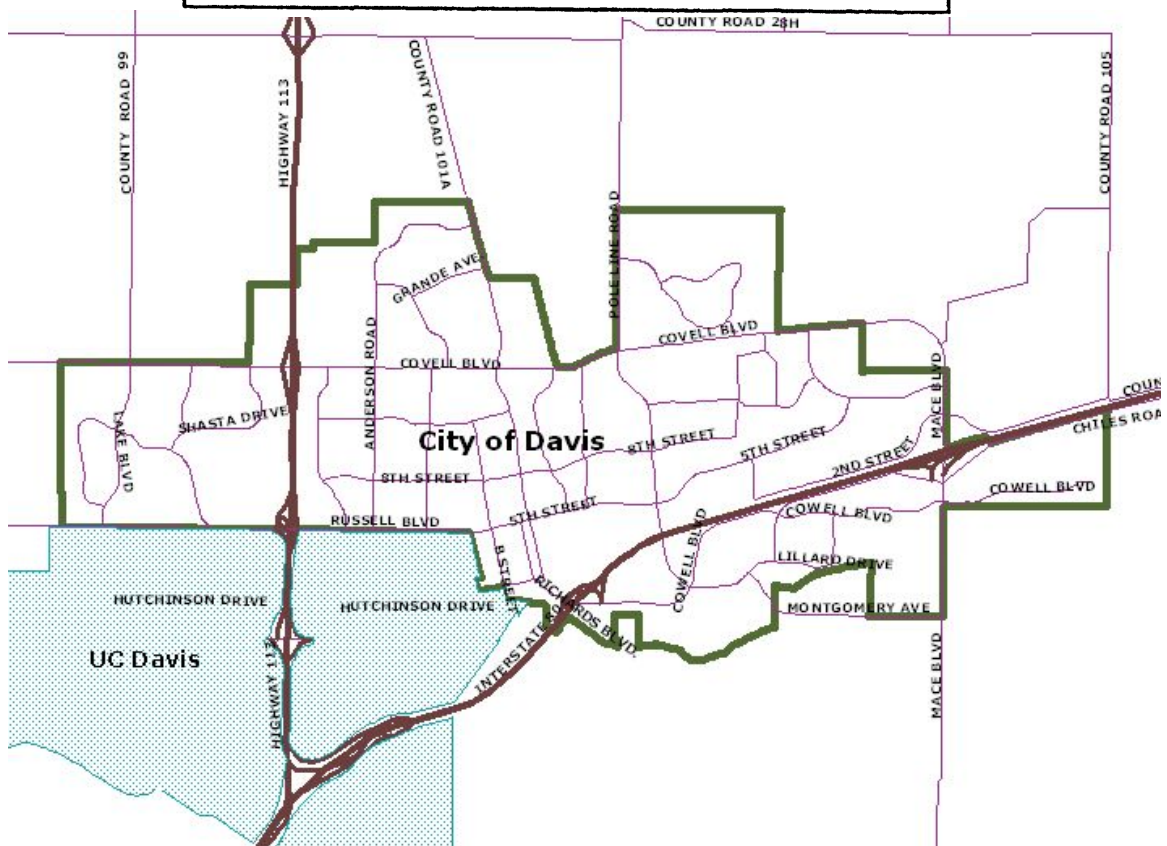
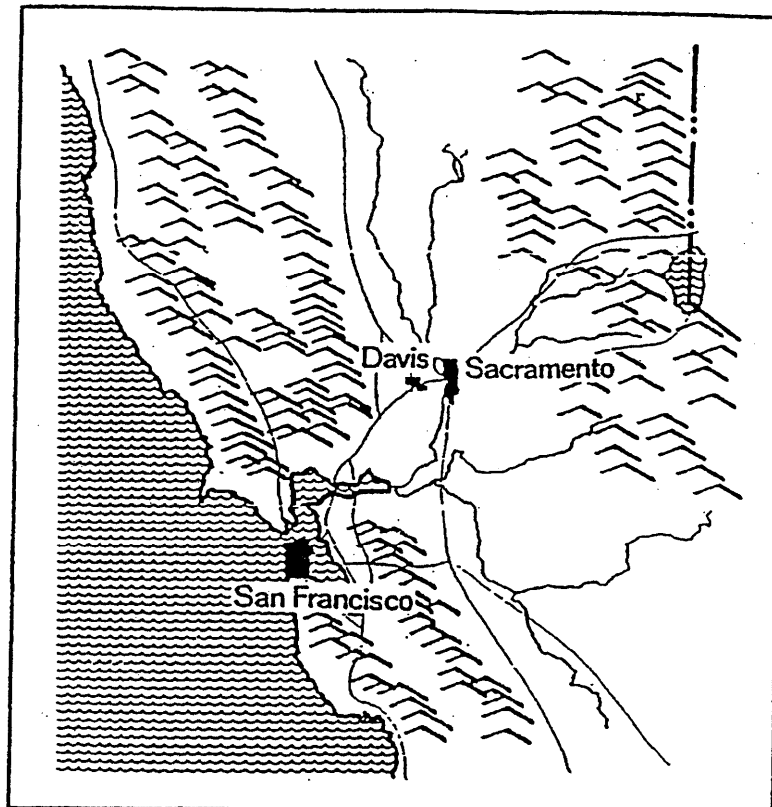
City Manager	Steve Pinkerton
City Attorney	Harriet Steiner
Assistant City Manager/ Administrative Services Director	Yvonne Quiring
General Manager of Utilities, Development & Operations	Herb Niederberger
City Clerk	Zoe Mirabile
Chief of Police	Landy Black
Assistant Chief of Police/ Interim Fire Chief	Steve Pierce
Community Development Director	Mike Webb
Public Works Director	Bob Clarke

ADMINISTRATIVE STAFF

Accountant	Pam Day
Financial Supervisor	Kellie Bruton
Financial Associate	Karen Bordigon
Budget Specialist	Bob Blyth

City of Davis Organizational Chart







INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council
of the City of Davis
City of Davis, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Davis, California, (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Child Care Grant Fund (a major fund), which represents the following percentages of assets, net position/fund balances and revenues as of and for the fiscal year ended June 30, 2013:

Opinion Unit(s)	Assets	Net Position/ Fund Balance	Revenues
Governmental Activities	0.2%	0.1%	8.4%
Child Care Grant Fund (Major Fund)	100%	100%	100%

Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Child Care Grant Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of New Accounting Standards

As described in Note 1 to the financial statements, the City adopted new accounting guidance, GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*, GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* as of July 1, 2012. Our opinion is not modified with respect to this matter.

Redevelopment Asset Transfers

As described in Note 16 to the financial statements, the City received a letter from the Department of Finance (DOF) dated May 3, 2013 and determined that the City of Davis was to transmit \$5.6 million to the County of Yolo Auditor-Controller, to be distributed to the various taxing entities within five working days of receiving the letter. As of the date of the financial statements, payment has not been submitted to the County of Yolo Auditor-Controller. Until the issue is resolved there is a continuing risk that the State Controller and the DOF will require the City to transmit \$5.6 million from the City's Downtown Area Capital Revitalization capital project fund to the County of Yolo Auditor-Controller. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
January 30, 2014

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

As management of the City of Davis (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vi of this report.

FINANCIAL HIGHLIGHTS

Financial highlights for the 2012-2013 fiscal year include the following:

Government-Wide Level

- The City's total net position increased \$5.9 million to \$603.9 million at June 30, 2013 from \$598.0 million on June 30, 2012.
- Total Government-wide revenues, including program and general revenues were \$106.4 million, which was an increase of \$4.5 million from the prior year's \$101.9 million.
- Total Government-wide expenses were \$100.5 million, a decrease of \$0.6 million from the prior year's \$101.1 million.
- Net position of Governmental Activities increased \$0.3 million, while net position in Business-type Activities increased \$5.6 million.
- Governmental Activities program revenues decreased \$0.3 million from fiscal year 2011-2012's \$28.7 million.
- Governmental Activities program expenses decreased \$1.1 million from \$65.6 million in fiscal 2011-2012.
- Revenues from Business-type Activities increased \$1.2 million in fiscal 2012-2013 from \$39.7 million in fiscal 2011-2012.
- Expenses of Business-type Activities increased \$0.4 million in fiscal 2012-2013 from \$35.5 million in fiscal 2011-2012.

Fund Financial Statement Level

- The total Governmental Fund's fund balances increased to \$83.0 million in fiscal 2012-2013 from the prior year's \$79.6 million.
- Total Governmental Fund revenues increased \$5.8 million to \$65.8 in fiscal 2012-2013 from the prior year's \$60.0 million.
- Total Governmental Fund expenditures decreased to \$62.3 million in fiscal 2012-2013, down \$4.3 million from the prior year's \$66.6 million.
- The General Fund's ending fund balance of \$7.9 million in fiscal 2012-2013 is up \$1.6 million from the prior year's \$6.3 million.
- General Fund revenues increased to \$44.6 million, up \$3.6 million from the prior year's \$41.0 million and expenditures increased \$3.2 million from prior year's \$40.3 million.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents financial information on all of the City's assets and liabilities with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, parks and recreation and public safety. The business-type activities of the City include water, sewer, sanitation, storm sewer, and public transit.

The government-wide financial statements include not only the City itself (known as the primary government), but also its legally separate component units, including the Public Facilities Financing Authority and the City of Davis Redevelopment Agency (the Agency). The Agency was dissolved as of January 1, 2012 and its net position was transferred to a private purpose trust fund effective February 1, 2012. The City is designated as the Successor Agency to the former Redevelopment Agency and is responsible for winding down the financial activities of the former Redevelopment Agency.

The government-wide financial statements can be found on pages 22-24 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City maintains 33 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Child Care Grant special revenue fund, the Development Deferred Improvement special revenue fund, the Low/Mod Housing Fund special revenue fund, and the Open Space special revenue fund, which are considered to be major funds. Data from the other 28 governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Required Supplementary Information section of this report.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 25-30 of this report.

Proprietary Funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprises funds to account for its water, sewer, sanitation, storm sewer, and public transit operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for the management of its retained risks and other central service costs. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, sanitation, storm sewer, and public transit operation, each of which are considered to be major funds of the City. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 31-35 of this report.

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

The City maintains two different types of fiduciary funds. The Private-purpose trust fund is used to report resources held in trust related to the dissolution of the former Redevelopment Agency. The Agency fund reports resources held by the City in a custodial capacity for individuals, private organizations and other governments.

The fiduciary fund financial statements can be found on pages 36-37 of this report.

Notes to the Financial Statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38-80 of this report.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Other Information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees.

Required supplementary information can be found on page 81-88 of this report.

The combining statements and individual fund statements and schedules referred to earlier in connection with non-major governmental funds, internal service funds and agency funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 90-139 of this report.

FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

This section focuses on the net position and changes in net position of the City's governmental activities and business-type activities presented in the Government-wide Statement of Net position and Statement of Activities.

Government-wide Statement of Net Position

Table 1 provides a summary of the Net position for the governmental and business-type activities for the year ended June 30, 2013, and compares the activities to the prior fiscal year. Following Table 1 is an analysis of the activities.

Table 1
Net Position - June 30, 2013 and 2012
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Cash and investments	\$ 57.579	\$ 55.085	\$ 52.407	\$ 46.659	\$ 109.986	\$ 101.744
Other assets	45.783	45.774	6.578	5.496	52.361	51.270
Capital assets	247.798	250.696	252.238	247.934	500.036	498.630
Total Assets	351.160	351.555	311.223	300.089	662.383	651.644
Other liabilities	5.831	6.852	18.544	5.612	24.375	12.464
Long-term debt outstanding	14.626	14.264	19.480	26.890	34.106	41.154
Total Liabilities	20.457	21.116	38.024	32.502	58.481	53.618
Net Position:						
Net investment in capital assets	247.798	250.696	222.669	222.630	470.467	473.326
Restricted	67.365	66.228	-	-	67.365	66.228
Unrestricted	15.540	13.515	50.530	44.957	66.070	58.472
Total Net Position	\$ 330.703	\$ 330.439	\$ 273.199	\$ 267.587	\$ 603.902	\$ 598.026

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Analysis of Governmental Activities

The City's governmental activities net position increased \$0.3 million in fiscal year 2012-2013 over the prior year. This increase, also noted in the Change in Net position shown in Table 2, is explained below:

- Cash and investments increased \$2.5 million to \$57.6 million from \$55.1 million on June 30, 2012.
- Capital assets decreased \$2.9 million, as depreciation of \$6.7 million exceeded the asset additions of \$3.8 million
- Other assets consist primarily of accounts receivables, loans, and other receivables. While there was no change in the total for other assets, an advance was made to the Successor Agency for \$330,000 and accounts receivable decreased \$0.3 million.
- Other liabilities consist primarily of accounts and claims payable, as well as the City's compensated absences liability. Other liabilities decreased \$1.0 million from \$6.8 million on June 30, 2012. This decrease is primarily due to the retirement of the 1995 ABAG Certificate of Participation.
- Net position invested in capital assets net of related debt represents the net value of capital assets financed through borrowing, and decreased to \$247.8 million from \$250.7 on June 30, 2012. This \$2.9 million decrease is due to a decrease in capital assets and no long term debt.
- Restricted net position consist of net position that are legally restricted to be spent on capital projects, special revenue funded projects, and debt service reserves. Restricted net position increased from \$66.2 million on June 30, 2012 to \$67.3 million on June 30, 2013. This \$1.1 million represents an increase in reserves for capital projects.
- Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. Unrestricted net position increased \$2.0 million to \$15.5 million which is available to finance day-to-day operations and other expenses approved by City Council.

Analysis of Business-Type Activities

The net position of business-type activities consists primarily of capital assets used in operations. The City's Business-Type Activities net position increased \$5.6 million from \$267.6 million on June 30, 2012.

- Cash and Investments increased \$5.7 million to \$52.4 million from \$46.7 million on June 30, 2012. Of this amount, \$52.1 million is cash and investments held by the city; \$0.3 million is cash with fiscal agents.
- Capital assets increased \$4.3 million primarily due an increase in work in progress for sewer and water infrastructure improvements that was more than the current year depreciation.
- Other Liabilities increased \$12.9 million to \$18.5 million on June 30, 2013, due to \$6.2 million for the Line of Credit for the Water fund being reclassified to short term debt in anticipation of retiring the debt in October 2013 and an additional draw on the loan for \$5.7 million. The remaining increase is primarily in payables and unearned revenue and is a function of typical business activity.
- Long-term debt decreased \$7.4 million from \$28.9 million on June 30, 2012 due to the Line of Credit for the Water fund being reclassified to short term debt.
- Net position invested in capital assets net of related debt, which represents the net value of capital assets financed through borrowing, remained stable.
- Unrestricted net position is the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements. Unrestricted net position increased \$5.6 million to \$50.5 million and is available to finance day-to-day operations and other expenses approved by City Council. The change in unrestricted net position was primarily due to the increase in total operating income for the sewer fund.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Government-wide Statement of Activities

The Statement of Activities shows the revenues, expenses and changes in net position for governmental and business-type activities. The following table summarizes this information.

Table 2
Changes in Net Position
For the Year Ended June 30, 2013 and 2012
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Expenses						
General government:						
City Council	\$ 0.160	\$ 0.171	\$ -	\$ -	\$ 0.160	\$ 0.171
City Attorney	0.256	0.348	-	-	0.256	0.348
City Manager	2.480	2.655	-	-	2.480	2.655
Administrative Services	2.928	2.008	-	-	2.928	2.008
Community Development	3.720	3.145	-	-	3.720	3.145
Public Works	9.073	9.894	-	-	9.073	9.894
Special Projects	1.945	1.836	-	-	1.945	1.836
Parks and Community Services:						
Parks and Community Services	18.631	19.845	-	-	18.631	19.845
Public Safety:						
Fire	10.047	9.330	-	-	10.047	9.330
Police	15.333	14.786	-	-	15.333	14.786
Interest on Long-Term Debt		1.612	-	-	-	1.612
Water	-	-	10.069	9.918	10.069	9.918
Sanitation	-	-	9.627	9.313	9.627	9.313
Sewer	-	-	8.230	8.554	8.230	8.554
Storm Sewer	-	-	3.733	3.530	3.733	3.530
Public Transit	-	-	4.255	4.183	4.255	4.183
Total Expenses	<u>64.573</u>	<u>65.630</u>	<u>35.914</u>	<u>35.498</u>	<u>100.487</u>	<u>101.128</u>
Revenues						
Program Revenues:						
Charges for Services	12.554	11.163	36.562	34.370	49.116	45.533
Operating Contributions and Grants	12.305	13.784	4.329	4.104	16.634	17.888
Capital Grants and Contributions	3.576	3.801		1.205	3.576	5.006
General Revenues:						
Taxes	30.684	27.195		-	30.684	27.195
Motor vehicle in-lieu	4.980	4.879		-	4.980	4.879
Investment income	0.301	0.281	0.110	0.174	0.411	0.455
Miscellaneous	0.531	0.720	0.431	0.251	0.962	0.971
Total Revenues	<u>64.931</u>	<u>61.823</u>	<u>41.432</u>	<u>40.104</u>	<u>106.363</u>	<u>101.927</u>
Transfers, net	<u>(0.094)</u>	<u>(0.048)</u>	<u>0.094</u>	<u>0.048</u>	<u>-</u>	<u>-</u>
Special and Extraordinary Items:						
Special Item: Transfer of Loan from RDA Successor Agency		1.685	-	-	-	1.685
Extraordinary item: Dissolution of RDA		24.083	-	-	-	24.083
Total Transfers, Special and Extraordinary Items:	<u>(0.094)</u>	<u>25.720</u>	<u>0.094</u>	<u>0.048</u>	<u>-</u>	<u>25.768</u>
Changes in Net Position	0.264	21.913	5.612	4.654	5.876	26.567
Net Position - Beginning (as restated)	<u>330.439</u>	<u>308.526</u>	<u>267.587</u>	<u>262.933</u>	<u>598.026</u>	<u>571.459</u>
Net Position - Ending	<u>\$ 330.703</u>	<u>\$ 330.439</u>	<u>\$ 273.199</u>	<u>\$ 267.587</u>	<u>\$ 603.902</u>	<u>\$ 598.026</u>

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Analysis of Governmental Activities

Revenues

The City's governmental activities rely on several sources of revenue to finance ongoing operations. Property Tax (\$10.74 million), Sales Tax (\$10.27 million), Operating Grants & Contributions (\$12.3 million), and Charges for Services (\$12.55 million) comprise the largest sources of revenue. Operating Grants & Contributions include revenues such as gas tax revenue passed through from the State for maintenance of the streets, Federal and State Child Care grants, HOME Federal Grant funding for the housing program, and HUD/CDBG Federal Grant funding. Charges for Services are revenues that arise from charges to customers who purchase, use, or directly benefit from goods or services. Examples of the types of services that fall under this category include building permits, business licenses, and park and recreation fees. Also included in Charges for Service is an internal administrative overhead charge to departments within the city for services provided to them by the City Manager's, City Attorney's and City Clerk's offices, Human Resources, and Finance services.

At the end of fiscal year 2012/13, total governmental activities revenue was \$64.9 million, an increase of \$3.1 million compared to the prior year due to an increase in Sales and Property tax revenue.

Program Revenues had an overall decrease of \$0.3 million from \$28.8 million in fiscal year 2011/12 to \$28.5 million in fiscal year 2012/13. Charges for services increased \$1.4 million, while Capital Grants and Contributions decreased \$1.7 million, partially due to a decrease of \$0.8 million in Child Care grant revenue.

General Revenues decreased from \$33.1 million in fiscal year 2011/12 to \$36.5 million in fiscal year 2012/13. The \$3.4 million increase in Tax Revenue is due to an increase in Sales Tax revenue of \$2.0 million, Property Tax revenue of \$0.8 million and Transient Occupancy Tax of \$0.6 million.

Expenses

Total Governmental Activities Expenses decreased \$1.1 million from \$65.6 million in the prior year. Expenses for Public Works decreased by \$0.8 million in fiscal year 2012/13, partially due to staffing reductions.

Analysis of Business-Type Activities

The City has five business-type activities: Water, Sanitation, Sewer, Storm Sewer and Public Transit. Business-type activities report Charges for Services as their largest source of revenue, with Public Transit showing operating grants as the largest source of revenue.

The change in net position for fiscal year ended June 30, 2013 is \$5.6 million. The change in net position was primarily due to total operating income sewer of \$5.7 million.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows and outflows and balances of resources that are available for spending. This information is useful in evaluating the City's financial requirements.

The City maintains 33 individual governmental funds, which include five Major Funds (General Fund, Child Care Grant special revenue fund, the Development Deferred Improvement special revenue fund, the Low/Mod Housing Fund special revenue fund, and the Open Space special revenue fund. In the financial statements, these Major Funds are reported separately, with the data from the other 28 governmental funds combined into a single aggregated presentation.

At June 30, 2013, the City's governmental funds reported combined fund balances of \$83.0 million, which is an increase of \$3.4 million compared with last year. The assets for Governmental funds increased \$1.3 million. Governmental funds liabilities decreased \$2.2 million due primarily to a decrease in deferred revenue and bonds payable.

Governmental funds revenues increased \$5.8 million from \$60.0 in the prior year to \$65.8 million. While the General Fund and the Open Space Fund revenue increased \$3.5 million and \$1.4 million respectively, the Child Care Grant Funds decreased by \$0.8 million. The increase in the Non-Major Funds totaled \$1.4 million.

Table 3 provides a summary of the governmental fund revenues for the year ended June 30, 2013, and compares the revenues to the prior fiscal year. Following Table 3 is an analysis of the revenues.

Table 3
Revenues in the Governmental Funds
For the Year Ended June 30, 2013 and 2012

<u>Revenue Sources</u>	2013		2012		Change	
	Amount	% of Total	Amount	% of Total	Amount	%
Taxes	\$36,141,112	54.9%	\$32,472,106	54.1%	\$3,669,006	11.3%
License and permits	353	0.0%	317	0.0%	36	11.4%
Fines and forfeitures	826,972	1.3%	961,642	1.6%	(134,670)	-14.0%
Use of money and property	648,017	1.0%	715,761	1.2%	(67,744)	-9.5%
Intergovernmental	12,410,582	18.9%	10,975,947	18.3%	1,434,635	13.1%
Charges for current services	9,939,479	15.1%	9,541,440	15.9%	398,039	4.2%
Development fees	2,238,192	3.4%	2,583,790	4.3%	(345,598)	-13.4%
Administrative fees	2,541,485	3.9%	2,523,552	4.2%	17,933	0.7%
Other	1,069,570	1.6%	254,482	0.4%	815,088	320.3%
Totals	\$65,815,762	100.0%	60,029,037	100.0%	\$5,786,725	9.6%

The increase in Taxes is due primarily to a \$2.0 million increase in sales tax, \$0.7 million increase in Property Taxes and \$0.7 increase in Transient Occupancy Tax. The \$1.5 million increase in Intergovernmental was a grant from the National Resources Conservation Service in the Open Space fund. The decrease in Development Fees is due an upswing in commercial development in fiscal year 2012. "Other" revenue increased \$0.8 million due primarily to a gain on the sale of land recorded in the Development Deferred Improvement fund.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Table 4 provides a summary of the governmental fund expenditures for the year ended June 30, 2013, and compares the expenditures to the prior fiscal year.

Table 4
Expenses in the Governmental Funds
For the Year Ended June 30, 2013 and 2012

<u>Function</u>	2013		2012		Change	
	Amount	Total	Amount	Total	Amount	%
City Council	\$150,439	0.2%	\$146,932	0.2%	\$3,507	2.4%
City Attorney	265,804	0.4%	362,967	0.5%	(97,163)	-26.8%
City Manager	2,469,750	4.0%	2,607,106	3.9%	(137,356)	-5.3%
Finance	2,983,681	4.8%	2,051,852	3.1%	931,829	45.4%
Public safety	25,616,115	41.1%	24,227,418	36.4%	1,388,697	5.7%
Public works	3,702,414	5.9%	5,103,770	7.7%	(1,401,356)	-27.5%
Community development	3,780,789	6.1%	3,178,808	4.8%	601,981	18.9%
Parks and Community Services	16,938,350	27.2%	18,077,634	27.2%	(1,139,284)	-6.3%
Special Projects	1,996,757	3.2%	1,916,055	2.9%	80,702	4.2%
Capital Outlay	\$4,402,828	7.1%	\$5,241,669	7.9%	(\$838,841)	-16.0%
Debt Service	\$0	0.0%	\$3,668,412	5.5%	(\$3,668,412)	-100.0%
Totals	<u>\$62,306,927</u>	<u>100.0%</u>	<u>\$66,582,623</u>	<u>100.0%</u>	<u>(\$4,275,696)</u>	<u>-6.4%</u>

Governmental funds expenditures decreased \$4.3 million to \$62.3 million. Fiscal year 2011/12 debt service included Redevelopment debt and 1995 ABAG, which was retired in fiscal year 2011/12. Public Safety increased \$1.4 million due to increased overtime in fire and the addition of a citywide volunteer program administered by the Police department. The reduction in expenditures \$1.1 million for Community Services is due to the reduction in grant revenue for Child Care Services. The \$1.4 million decrease in Public Works is due to lower expenditures in Gas Tax due to a reduction in grant revenue and to staffing reductions.

Analysis of Major Governmental Funds

General Fund

At June 30, 2013, the General Fund Balance held \$7.9 million in fund balance, with \$7.8 million classified as Unassigned and \$0.1 million classified as Nonspendable. The \$7.8 million unassigned fund balance represents available liquid resources. The fund balance increased \$1.6 million from the prior fiscal year.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Table 5 provides a summary of the General Fund revenues for the year ended June 30, 2013, and compares the revenues to the prior fiscal year. Following Table 5 is an analysis of the revenues.

Table 5
Revenues in the General Fund
For the Year Ended June 30, 2013 and 2012

<u>General Fund Revenues</u>	2013	2012	\$ Change	% Change
Taxes				
Property Tax	\$10,741,612	\$9,953,799	\$787,813	7.9%
Sales tax	10,267,444	8,279,385	1,988,059	24.0%
Real Property Transfer	194,326	185,320	9,006	4.9%
Municipal Services	2,578,655	2,492,849	85,806	3.4%
Business License	1,470,124	1,556,797	(86,673)	-5.6%
Construction Tax	905,411	925,461	(20,050)	-2.2%
Franchise	551,285	545,547	5,738	1.1%
Transient Occupancy	1,436,067	740,157	695,910	94.0%
Motor Vehicle in-lieu	4,979,748	4,879,324	100,424	2.1%
Sub-total Taxes	33,124,672	29,558,639	3,566,033	12.1%
Licenses and permits	353	317	36	11.4%
Fines and Forfeitures	826,972	961,642	(134,670)	-14.0%
Use of money and property	422,341	221,212	201,129	90.9%
Intergovernmental	208,442	354,567	(146,125)	-41.2%
Charges for current services	6,987,895	7,167,027	(179,132)	-2.5%
Admin fee - Enterprise Fund	2,541,485	2,523,552	17,933	0.7%
Other	484,772	252,557	232,215	91.9%
	<u>\$44,596,932</u>	<u>\$41,039,513</u>	<u>\$3,557,419</u>	<u>8.7%</u>

General Fund revenues increased \$3.6 million to \$33.1 million. Fund revenues consist primarily of property taxes and other taxes, which is 74.3% of total fund revenue for the year ended June 30, 2013. Sales tax increased from \$8.3 million to \$10.3 million, due in part to increased auto and recreational vehicle sales. In addition to the normal 2% growth in property tax, \$0.6 million of excess tax increment was returned to the city, due to the dissolution of the Redevelopment Agency. Transient Occupancy increased \$.7 million due to the receipt and recognition of the 2011/12 tax revenue in fiscal 2012/13.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Table 6 provides a summary of the General Fund expenditures for the year ended June 30, 2013, and compares the expenditures to the prior fiscal year. Following Table 6 is an analysis of the expenditures.

Table 6
Expenditures in the General Fund
For the Year Ended June 30, 2013 and 2012

<u>General Fund Expenditures</u>	2013	2012	\$ Change	% Change
City Council	\$150,439	\$146,932	\$3,507	2.4%
City Attorney	265,804	362,967	(97,163)	-26.8%
City Manager	1,900,696	1,837,850	62,846	3.4%
Administrative Services	2,603,321	1,956,122	647,199	33.1%
Community Development	3,779,609	3,063,773	715,836	23.4%
Public Works	1,904,732	924,883	979,849	105.9%
Special Projects	0	67,214	(67,214)	-100.0%
Parks & Community Services	9,802,109	10,026,812	(224,703)	-2.2%
Fire	8,853,543	8,185,940	667,603	8.2%
Police	14,077,888	13,479,505	598,383	4.4%
Capital Outlay	104,857	22,044	82,813	375.7%
Debt Service	0	196,295	(196,295)	-100.0%
	<u>\$43,442,998</u>	<u>\$40,270,337</u>	<u>\$3,172,661</u>	<u>7.9%</u>

General Fund expenditures increased \$3.2 million with a majority of the increase in Public Works (105.9%), Community Development (23.4%), and Fire (8.4%) for the year ended June 30, 2013. The \$1.0 million increase in Public Works is largely due to road maintenance completed in fiscal year 2012-13 that had been deferred in prior years. In fiscal year 2012-13, there was a change in the organization chart resulting in a change in reporting responsibilities. Administrative Services expenditures increased in fiscal year 2012-13 primarily due to shifting Human Resources to the administrative services function.

Child Care Grant Fund

Child Care Grant Fund revenues consist primarily of grant revenue which decreased \$0.9 million and totaled \$5.3 million, or 98.3% of total fund revenue, for the year ended June 30, 2013. The provider payments from Yolo County were reduced in the contract for 2013 and 2014. In addition, State funding was reduced due to legislative budget decisions.

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, 2013, the Child Care Grant Fund balance held \$383,279 in fund balance, with the total classified as restricted.

Development Deferred Improvement Fund

The Development Deferred Improvement Fund revenues increased \$0.4 million. Revenues for the year ended June 30, 2013 primarily consists of development impact fees in the amount of \$1.9 million (76.3% of total fund revenues) and other revenues in the amount of \$534,605, which was a gain on sale of land. Development impact fees are wholly dependent on new development and can fluctuate from year to year.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Primary expenditures for the Development Deferred Improvement Fund are for capital projects. Capital outlay expenditures decreased \$0.3 million and comprise \$0.6 million. However, \$3.0 million of budgeted expenditures for capital projects were carried over to fiscal 2013/14.

At June 30, 2013, the Development Deferred Improvement Fund held \$24.3 million in restricted fund balance. The fund balance in this fund is restricted for capital projects through enabling legislation.

Low/Mod Housing Fund

The Low/Mod Housing Fund revenues decreased \$77,984 to \$254,714 for the year ended June 30, 2013 . Revenues are comprised of charges for service, interest on loans and investments and monitoring fees.

Primary expenditures for the Low/Mod Housing fund are for special projects. Special projects expenditures decreased \$145,329 to \$281,967 and comprise 100% of total expenditures.

At June 30, 2013, the Low/Mod Housing Fund held \$24.7 million in nonspendable fund balance.

Open Space Fund

The Open Space Fund revenues increased \$1.4 million from the prior fiscal year due to a grant from the National Resources Conservation Service for the purchase of a conservation easement.

Expenditures decreased from the prior fiscal year by \$0.8 million due to the lower expenditures for land.

The net change in fund balance was a negative (\$1,061,034), and left the fund with a deficit ending fund balance of (\$222,359) at June 30, 2013. The City will sell the Leland Ranch/ Mace Curve property in fiscal year 2013/14 to make up the deficit balance.

Proprietary Funds

The City maintains two different types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprises funds account for water, sewer, sanitation, storm sewer, and public transit operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

Analysis of Major Enterprise Funds

Net position for the Enterprise Funds increased \$5.6 million due to positive and negative changes in the five major funds. The Water, Sewer, and Public Transit Funds had a positive change in net position of \$7,644,024, with a combined total change in net position of (\$2,033,162) in the Sanitation and Storm Sewer funds.

Water Fund

Water Fund operating revenues, which are charges for services to the residents of Davis and some residents in the County, total \$11.3 million. This is a \$0.8 million increase from the prior fiscal year. Operating revenues represent 99% of total fund revenue. The increase is due to an increase in consumption and an increase in rates.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Operating expenses for the Water Fund totaled \$9.8 million, with the primary expenses for water production, distribution, and system maintenance totaling \$6.6 million. There was a \$0.3 million increase in operating expenses from the prior year. Water Maintenance has increased expenses due to water main replacements and Water distribution expenses decreased due to changes in the hydrant replacement program.

Long-term debt, due in more than one year decreased \$7.4 million to \$19.5 million. A draw of \$5.7 million was made on the Wells Fargo Line of Credit to cover expenses for the surface water project, bringing the balance of the Line of Credit to \$11.97 million. In October, 2013 the City sold \$30 million in bonds, using a portion of the proceeds to retire the Line of Credit. The balance for the Line of Credit was reclassified to Long-Term Debt, Due in Less than One Year.

Sanitation Fund

Sanitation Fund operating revenues consist of charges for services to the residents of Davis and totaled \$9.5 million, or 99.5% of total fund revenues. Operating revenues increased \$320,152 from the prior year.

Primary expenses are for waste removal, solid waste management and street sweeping totaling \$9.0 million. Fund operating expenses increased \$314,860 from the prior year primarily due to the increased costs in waste removal.

Overall, the Sanitation Fund had a change in net position of \$(120,861), compared to a change in net position of \$(100,766) in the previous fiscal year.

Sewer Fund

Sewer Fund operating revenues, which are charges for services to the residents of Davis and some residents in the County, total \$14.1 million, or 97.8% of total fund revenues. Sewer fund operating revenue increased \$1.0 million from the prior year.

Primary operating expenses are for sewage collection and treatment totaling \$5.8 million. The Sewer Fund operating expenses decreased from \$8.55 million to \$8.32 million due to decreased in administrative costs.

The Sewer Fund ended the year with net income of \$6,106,108. Operating revenues are in excess of operating expenses due to the increase in sewer rates to fund the sewer treatment plant. Construction is due to begin in fiscal year 2014/15.

Storm Sewer Fund

Storm Sewer Fund operating revenues consist of charges for services to the residents of Davis and totaled \$1.7 million, or 91.9% of total fund revenues. Charges for service increased \$56,400 from the prior year.

Primary operating expenses are for maintenance of the storm drainage system totaling \$1.2 million. Total operating expenses increased \$204,175 from the prior year primarily due to a one-time adjustment to receivables.

The Storm Sewer Fund ended the year with a net loss of \$1.9 million due to insufficient storm sewer rate charges covering the cost of system operations and maintenance. There was a rate increase on July 1, 2013.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Public Transit Fund

Public Transit Fund revenues consist primarily of operating grants and contributions in the amount of \$4.3 million, or 99.2% of total fund revenues. Grants and contributions increased \$239,070 from the prior year.

Primary operating expenses are for the provision of public transportation services totaling \$4.1 million. This reflects an increase in expenses of \$61,448 from the previous year. The Public Transit Fund ended the year with a net gain of \$170,940.

Fiduciary Funds

The City maintains two different types of fiduciary funds. The Private-purpose trust fund is used to report resources held in trust related to the dissolution of the former RDA. The Agency fund reports resources held by the City in a custodial capacity for individuals, private organizations and other governments.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City Council adopts the budget in June for the following fiscal year. Over the course of the fiscal year, revisions to the budget may be necessary. The City Manager is authorized to administratively approve a new appropriation of no more than \$10,000 with a limit of \$50,000 in total per fiscal year. Appropriation requests in excess of the City Manager's authorization go to the City Council for approval.

City of Davis through its appropriation ordinance is obligated to manage its annual budget to actual appropriations on a cumulative fund level. Final Appropriations for the General Fund were \$43,465,220 and Actual Expenditures \$41,556,723, resulting in a positive variance of unspent funds of \$1,908,497.

Although the General Fund expenditures were well within the authorized appropriations on a total fund basis, there were functions with both positive and negative variances.

- City Manager's Office \$15,138, 0.8% savings – The City Clerk's office saw lower than anticipated elections costs as well as a reduction in human resources expenses due to staff vacancy that was filled later in the fiscal Year
- Community Development \$292,425, 12.0% savings – The planning division saw a delay in planning related work related to the Nishi development project. The anticipated costs associated with this work were not realized as well as the accompanying revenue. They have been re-appropriated into FY 13/14.
- Public Works Department \$903,509, 47.66% savings – Public Works department budgets for an annual service contract to perform street maintenance. This year a major contract work earmarked for SACOG projects was delayed and funding re-appropriated into FY 13/14 in order to complete the project once agreement with CalTrans can be completed.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Total General Fund revenues for the year ended June 30, 2013 showed \$1,951,220 in additional revenue compared to the Final Budget. Major areas accounting for the change are as follows:

- Taxes \$2,890,586, 9.91% increase – Sales Tax saw a large positive variance, coming in 21.5% over budget. This was the result of strong auto sales for the year as well as an overall increase in sales in the City as the economy continues to improve.
- Fines and Forfeitures (\$133,568), 13.91% decrease – Parking Citations were lower than budgeted by 20% as the City saw an increase in compliance.
- Intergovernmental (\$151,740), 33.78% shortfall – Reduced SB90 reimbursements and lower than budgeted Office of Emergency Services reimbursements related to fewer than anticipated Fire Department Strike Team deployments.
- Charges for Current Services (\$542,829), 9.39% shortfall – Projects, including the Nishi property development, have been delayed and thus there are resulting revenue shortfalls in the areas of Subdivision Final Maps and Development Review.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the City's investment in capital assets totaled \$500.2 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 7 to the financial statements):

Table 7
Capital Assets at June 30, 2013 and 2012
(in Millions)

	2013	2012	Net Change
Governmental Activities:			
Land	\$ 59.870	\$ 57.920	\$ 1.950
Construction in progress	5.712	5.604	0.108
Buildings and improvements	43.413	42.278	1.135
Equipment	8.518	8.940	(0.422)
Infrastructure - Streets	256.059	255.393	0.666
Infrastructure - Parks	62.906	62.815	0.091
Infrastructure - Bike/Ped Paths	13.941	13.664	0.277
Less accumulated depreciation	(202.607)	(195.918)	(6.689)
Total	<u>\$ 247.812</u>	<u>\$ 250.696</u>	<u>\$ (2.884)</u>
Business-Type Activities:			
Land	\$ 21.783	\$ 21.783	\$ -
Construction in progress	33.656	23.185	10.471
Buildings	147.711	176.926	(29.215)
Pipes and Lines	166.777	137.561	29.216
Equipment	11.052	10.706	0.346
Less accumulated depreciation	(128.587)	(115.902)	(12.685)
Total	<u>\$ 252.392</u>	<u>\$ 254.259</u>	<u>\$ (1.867)</u>

The increase in Land for the Governmental Activities is due to the purchase of conservation land easements. The increase in Construction in progress for the Business-Type Activities is due to the addition of a water well and an increase in work in progress for Alternative Water Supply System. The shift in assets for Buildings and Pipes and Lines is to correct a prior error in summarizing the assets.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

Debt Administration

Each of the City's debt issues is discussed in detail in Note 8 to the financial statements. At June 30, 2013, the City's debt comprised:

Table 8
Outstanding Debt at June 30, 2013 and 2012
(in Millions)

	2013	2012	Net Change
Governmental activities:	\$ 15.015	\$ 14.722	\$ 0.293
Business-type activities:	33.206	28.539	4.667
Total	<u>\$ 48.221</u>	<u>\$ 43.261</u>	<u>\$ 4.960</u>

The Governmental activities debt increased by \$0.3 million primarily due to a decrease for compensated absences of \$303,821 and an increase in post-employment benefits and debt retirement of \$750,704. The Business-type activities debt increased \$4.7 million due to a \$5.7 million increase in the Line of Credit for the Water Fund, \$0.2 million increase for compensated absences and post-employment benefits, and debt retirement of \$1.7 million.

Private Purpose Trust Fund

The private purpose trust fund is used to report resources held in trust related to the dissolution of the former Redevelopment Agency. The balance of tax allocation bond debt is \$42,310,473 and related unamortized discounts are \$990,442, to be amortized over the life of the bonds.

Special Assessment District Debt

At June 30, 2013, a total of \$28.5 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 NEXT YEAR'S BUDGET

The past few years have been a challenge for many cities, and the City of Davis is no exception. As the economy slowly recovers, the City continues to struggle with providing a high level of service with rising costs and fewer financial resources.

The current forecast for the coming year is for job growth to average 2.2 percent. October unemployment numbers for the City of Davis stood at 5.2 percent, a drop of 1.6 percent from last year's numbers. Current economic projections continue to predict a gradual improvement in economic growth. The City's General Fund revenue are projected to increase slightly for the third year in a row, and project to grow at an average annual rate of 2.5% a year through fiscal year 2017/18. In fiscal year 2013/14, sales tax revenue for the City of Davis is anticipated to stay steady, but above the highs of 2008 sales tax revenues.

CITY OF DAVIS, CALIFORNIA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013

The fiscal year 2013/14 budget continues budget balancing efforts by:

- Examining fee structure and policies
- Identifying a stable source of revenue for the General Fund
- Improving efficiency and structure of management and administrative functions
- Managing impacts of workforce reductions by mitigating impacts on priority services, efficiency of City operations and staff reductions/layoffs

The budget addresses the ongoing costs of maintaining and replacing city infrastructure, the new surface water and wastewater treatment facilities, as well as the funding of Other Post-Employee Benefits.

It is clear that regardless of the extent of any pending economic recovery, local governments must adapt to a new reality - secure and strengthen a reliable base of revenues, improve management of program and personnel expenditures, and look for new ways to provide for basic, core services.

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 Administrative Services Department, at 23 Russell Blvd., Davis, CA 95616 or visit the City's website at www.cityofdavis.org

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF DAVIS, CALIFORNIA

STATEMENT OF NET POSITION

JUNE 30, 2013

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and investments	\$ 57,578,639	\$ 52,073,179	\$ 109,651,818
Cash and investments with fiscal agent	-	334,029	334,029
Accrued interest	54,798	45,702	100,500
Receivables:			
General accounts	3,891,733	514,475	4,406,208
Grants	3,067,557	2,675,641	5,743,198
Utility accounts	471,389	6,618,444	7,089,833
Loans	33,835,341	-	33,835,341
Mortgages	418,986	-	418,986
Due from Successor Agency	330,000		330,000
Prepaid expenses	77,261		77,261
Inventory	359,973	-	359,973
Internal balances	3,276,915	(3,276,915)	-
Capital assets:			
Non-depreciable	65,581,751	55,286,181	120,867,932
Depreciable, net of depreciation	182,216,219	196,952,159	379,168,378
Total Assets	<u>351,160,562</u>	<u>311,222,895</u>	<u>662,383,457</u>
LIABILITIES			
Payables:			
Accounts	1,472,738	2,012,083	3,484,821
Wages payable	1,214,580	137,944	1,352,524
Grants	22,163		22,163
Interest	-	359,484	359,484
Deposits	1,505,303	63,225	1,568,528
Unearned revenue	1,324,370	2,246,096	3,570,466
Current portion of long-term obligations:			
Claims payable	153,781	-	153,781
Compensated absences	138,896	446,044	584,940
Other long-term obligations	-	13,279,332	13,279,332
Noncurrent portion of long-term obligations:			
Claims payable	315,924	-	315,924
Compensated absences	2,134,775	-	2,134,775
Other long-term obligations	-	16,265,131	16,265,131
Other post employment benefits	12,174,733	3,215,043	15,389,776
Total Liabilities	<u>20,457,263</u>	<u>38,024,382</u>	<u>58,481,645</u>
NET POSITION			
Net investment in capital assets	247,797,970	222,668,422	470,466,392
Restricted for:			
Capital projects	27,384,189	-	27,384,189
Debt service	382,840	-	382,840
Low and moderate income housing	24,672,407	-	24,672,407
Other specific projects and programs	14,925,632	-	14,925,632
Unrestricted	15,540,261	50,530,091	66,070,352
Total Net Position	<u>\$ 330,703,299</u>	<u>\$ 273,198,513</u>	<u>\$ 603,901,812</u>

See accompanying notes to financial statements.

CITY OF DAVIS, CALIFORNIA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Government:				
City Council	\$ 159,950	\$ 70,706	\$ -	\$ -
City Attorney	256,183	125,140	-	-
City Manager	2,479,529	1,040,984	1,703,594	391,658
Administrative Services	2,928,562	2,010,666	-	-
Community Development	3,720,192	2,897,864	13,647	1,453,709
Public Works	9,072,633	1,274,263	1,918,023	1,730,499
Special Projects	1,945,345	-	-	-
Parks and Recreation:				
Parks and Community Services	18,631,071	3,132,569	5,317,367	-
Public Safety:				
Fire	10,046,526	913,915	1,594,586	-
Police	15,333,222	1,088,662	1,757,480	-
Total Governmental Activities	64,573,214	12,554,769	12,304,697	3,575,866
Business-Type Activities:				
Water	10,068,660	11,310,371	5,548	-
Sanitation	9,627,387	9,454,530	22,625	-
Sewer	8,230,219	14,103,581	-	-
Storm sewer	3,733,250	1,662,303	-	-
Public Transit	4,254,687	31,105	4,300,352	-
Total Business-Type Activities	35,914,203	36,561,890	4,328,525	-
Total	\$ 100,487,417	\$ 49,116,659	\$ 16,633,222	\$ 3,575,866
General Revenues:				
Taxes:				
Property taxes				
Sales taxes				
Municipal services				
Business license				
Park maintenance				
Construction				
Open space protection				
Franchise				
Transfer				
Transient occupancy				
Intergovernmental, unrestricted:				
Motor vehicle in-lieu				
Investment earnings				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position, Beginning of Year				
Net Position, End of Year				

See accompanying notes to financial statements.

Net Revenue (Expense) and Change in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (89,245)	\$ -	\$ (89,245)
(131,043)	-	(131,043)
656,707	-	656,707
(917,896)	-	(917,896)
645,028	-	645,028
(4,149,848)	-	(4,149,848)
(1,945,345)	-	(1,945,345)
(10,181,135)	-	(10,181,135)
(7,538,025)	-	(7,538,025)
(12,487,080)	-	(12,487,080)
(36,137,882)	-	(36,137,882)
-	1,247,259	1,247,259
-	(150,232)	(150,232)
-	5,873,362	5,873,362
-	(2,070,947)	(2,070,947)
-	76,770	76,770
-	4,976,212	4,976,212
(36,137,882)	4,976,212	(31,161,670)
10,741,612	-	10,741,612
10,267,444	-	10,267,444
2,578,655	-	2,578,655
1,470,124	-	1,470,124
1,334,782	-	1,334,782
905,411	-	905,411
636,293	-	636,293
1,119,918	-	1,119,918
194,326	-	194,326
1,436,067	-	1,436,067
4,979,748	-	4,979,748
301,030	110,170	411,200
530,889	430,310	961,199
(94,170)	94,170	-
36,402,129	634,650	37,036,779
264,247	5,610,862	5,875,109
330,439,052	267,587,651	598,026,703
\$ 330,703,299	\$ 273,198,513	\$ 603,901,812

FUND FINANCIAL STATEMENTS

CITY OF DAVIS, CALIFORNIA

**BALANCE SHEET
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2013

	General	Child Care Grant	Development Deferred Improvement	Low / Mod Housing Fund
ASSETS				
Cash and investments	\$ 7,135,534	\$ 541,636	\$ 18,601,990	\$ 550,009
Accrued interest	4,332	513	20,623	461
Receivables:				
General accounts	3,464,866	-	2,865	39,320
Grants	967,793	196,281	-	-
Utility accounts	254,538	-	-	-
Loans	122,840	-	-	24,092,534
Mortgages	-	-	-	243,001
Due from other funds	-	-	4,856,897	-
Advances to Successor Agency	330,000	-	-	-
Advances to Other Funds	-	-	2,475,000	-
Total Assets	<u>\$ 12,279,903</u>	<u>\$ 738,430</u>	<u>\$ 25,957,375</u>	<u>\$ 24,925,325</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables:				
Accounts	\$ 524,221	\$ 282,829	\$ 66,809	\$ 57
Wages Payable	732,319	19,733	4,504	-
Grants	-	22,163	-	-
Deposits	1,307,184	-	172,988	11,806
Deferred revenue	1,796,232	30,426	-	241,055
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
Total Liabilities	<u>4,359,956</u>	<u>355,151</u>	<u>244,301</u>	<u>252,918</u>
Fund Balances:				
Nonspendable	122,840	-	-	-
Restricted	-	383,279	25,713,074	24,672,407
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	7,797,107	-	-	-
Total Fund Balance	<u>7,919,947</u>	<u>383,279</u>	<u>25,713,074</u>	<u>24,672,407</u>
Total Liabilities and Fund Balance	<u>\$ 12,279,903</u>	<u>\$ 738,430</u>	<u>\$ 25,957,375</u>	<u>\$ 24,925,325</u>

See accompanying notes to financial statements.

Open Space Fund	Total Other Governmental Funds	Total Governmental Funds
\$ 2,099,656	\$ 13,411,889	\$ 42,340,714
2,005	12,197	40,131
40,648	286,803	3,834,502
132,500	1,770,983	3,067,557
-	216,851	471,389
-	9,619,967	33,835,341
-	175,985	418,986
-	-	4,856,897
-	-	330,000
-	-	2,475,000
<u>\$ 2,274,809</u>	<u>\$ 25,494,675</u>	<u>\$ 91,670,517</u>

\$ 4,289	\$ 258,283	\$ 1,136,488
4,554	14,222	775,332
-	-	22,163
13,325	-	1,505,303
-	630,607	2,698,320
-	85,018	85,018
2,475,000	-	2,475,000
<u>2,497,168</u>	<u>988,130</u>	<u>8,697,624</u>

-	9,795,953	9,918,793
-	5,132,207	55,900,967
-	7,654,337	7,654,337
-	1,559,189	1,559,189
(222,359)	364,859	7,939,607
<u>(222,359)</u>	<u>24,506,545</u>	<u>82,972,893</u>
<u>\$ 2,274,809</u>	<u>\$ 25,494,675</u>	<u>\$ 91,670,517</u>

CITY OF DAVIS, CALIFORNIA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

JUNE 30, 2013

Fund Balance of Governmental Funds	\$ 82,972,893
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Amounts reported for *governmental activities* in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	243,190,223
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Revenues that are earned but are not available or received within 60 days after the end of the fiscal year, are not recognized as revenues in the fund statements, but are reported as revenue in the government-wide Statement of Activities.	1,378,423
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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 Statement of Net Position.	17,471,268
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The assets and liabilities below are not due and payable in the current period and therefore, are not reported in the funds:

Net other postemployment benefits obligation, due in more than one year	(12,174,733)
Noncurrent portion of compensated absences	<u>(2,134,775)</u>

Net Position of Governmental Activities (page 22)	<u><u>\$ 330,703,299</u></u>
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CITY OF DAVIS, CALIFORNIA

**STATEMENTS OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED JUNE 30, 2013

	General	Child Care Grant	Development Deferred Improvement	Low / Mod Housing Fund
REVENUES				
Taxes	\$ 33,124,672	\$ -	\$ -	\$ -
Licenses and permits	353	-	-	-
Fines and forfeitures	826,972	-	-	-
Use of money and property	422,341	1,695	62,921	35,212
Intergovernmental	208,442	5,335,481	-	-
Charges for current services	6,987,895	89,515	-	182,561
Development fees	-	-	1,920,845	-
Administrative fee - other funds	2,541,485	-	-	-
Other	484,772	-	534,605	36,941
Total Revenues	<u>44,596,932</u>	<u>5,426,691</u>	<u>2,518,371</u>	<u>254,714</u>
EXPENDITURES				
Current:				
General government:				
City council	150,439	-	-	-
City attorney	265,804	-	-	-
City manager	1,900,696	-	-	-
Administrative services	2,603,321	-	117,879	-
Community development	3,779,609	-	-	-
Public works	1,904,732	-	278,507	-
Special projects	-	-	133,187	281,967
Parks and recreation:				
Parks and community services	9,802,109	5,390,685	-	-
Public Safety:				
Fire	8,853,543	-	-	-
Police	14,077,888	-	-	-
Capital outlay	104,857	-	628,281	-
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	<u>43,442,998</u>	<u>5,390,685</u>	<u>1,157,854</u>	<u>281,967</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,153,934</u>	<u>36,006</u>	<u>1,360,517</u>	<u>(27,253)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	511,115	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>511,115</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,665,049	36,006	1,360,517	(27,253)
FUND BALANCES AT BEGINNING OF YEAR	6,254,898	347,273	24,352,557	24,699,660
FUND BALANCES AT END OF YEAR	<u>\$ 7,919,947</u>	<u>\$ 383,279</u>	<u>\$ 25,713,074</u>	<u>\$ 24,672,407</u>

See accompanying notes to financial statements.

Open Space Fund	Total Other Governmental Funds	Total Governmental Funds
\$ 636,293	\$ 2,380,147	\$ 36,141,112
-	-	353
-	-	826,972
14,912	110,984	648,065
1,353,000	5,513,659	12,410,582
-	2,679,508	9,939,479
-	317,347	2,238,192
-	-	2,541,485
-	13,204	1,069,522
<u>2,004,205</u>	<u>11,014,849</u>	<u>65,815,762</u>
-	-	150,439
-	-	265,804
-	569,054	2,469,750
-	262,481	2,983,681
-	1,180	3,780,789
-	1,519,175	3,702,414
-	1,581,603	1,996,757
323,125	1,422,431	16,938,350
-	1,306,970	10,160,513
-	1,377,714	15,455,602
2,742,114	927,576	4,402,828
-	-	-
<u>3,065,239</u>	<u>8,968,184</u>	<u>62,306,927</u>
<u>(1,061,034)</u>	<u>2,046,665</u>	<u>3,508,835</u>
-	149,565	660,680
-	(754,850)	(754,850)
-	(605,285)	(94,170)
(1,061,034)	1,441,380	3,414,665
<u>838,675</u>	<u>23,065,165</u>	<u>79,558,228</u>
<u>\$ (222,359)</u>	<u>\$ 24,506,545</u>	<u>\$ 82,972,893</u>

CITY OF DAVIS, CALIFORNIA

**RECONCILIATION OF THE NET CHANGE IN FUND BALANCES –
TOTAL GOVERNMENTAL FUNDS WITH THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2013

Net Change in Fund Balance - Total Governmental Funds		\$	3,414,665
Amounts reported for <i>governmental activities</i> in the Statement of Activities are different because:			
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds.			(924,546)
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capitalize able capital outlays exceeded depreciation, excluding capital outlays and depreciation of Internal Service Funds.			
Purchase of capital assets	4,180,897		
Less current year depreciation	<u>(6,705,700)</u>		
			(2,524,803)
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the Internal Service Funds is reported with governmental activities.			
			714,808
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds, excluding Internal Service Funds.			
Change in net other postemployment benefits obligation	(750,700)		
Change in compensated absences	<u>334,823</u>		
			<u>(415,877)</u>
Change in Net Position of Governmental Activities (pages 23 and 24)		\$	<u><u>264,247</u></u>

See accompanying notes to financial statements.

CITY OF DAVIS, CALIFORNIA

STATEMENT OF NET POSITION PROPRIETARY FUNDS

JUNE 30, 2013

	Business-Type Activities Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
ASSETS				
Current Assets:				
Cash and investments	\$ 8,238,351	\$ 1,607,702	\$ 37,599,888	\$ 4,627,238
Cash with fiscal agents	334,029	-	-	-
Accrued interest	5,714	1,385	34,498	4,105
Receivables:				
General accounts	16,505	18,035	461,129	17,358
Grants	-	-	-	-
Utility accounts	3,582,338	951,371	1,805,132	279,603
Inventory	-	-	-	-
Prepaid Items	-	-	-	-
Total Current Assets	12,176,937	2,578,493	39,900,647	4,928,304
Noncurrent Assets:				
Advances to other funds	-	-	-	-
Capital assets:				
Non-depreciable				
City's investment in JPA facilities	11,073,000	-	-	-
Land and construction in progress	10,586,548	-	29,237,097	4,389,536
Depreciable	131,796,889	-	87,997,469	101,483,928
Accumulated depreciation	(45,061,268)	-	(45,708,392)	(36,452,670)
Total Noncurrent Assets	108,395,169	-	71,526,174	69,420,794
Total Assets	120,572,106	2,578,493	111,426,821	74,349,098
LIABILITIES				
Current Liabilities:				
Accounts payable	189,753	778,803	693,335	23,896
Wages payable	48,669	5,616	64,557	12,126
Interest payable	223,350	-	136,134	-
Leave benefits payable	190,213	15,136	218,208	10,390
Deposits payable	44,625	-	18,600	-
Unearned revenue	48,601	848,799	1,198,097	150,599
Due to other funds	-	-	-	-
Claims payable	-	-	-	-
Long-term debt, due in one year	12,430,977	-	848,355	-
Total Current Liabilities	13,176,188	1,648,354	3,177,286	197,011
Noncurrent Liabilities:				
Advances from other funds	-	-	570,265	570,265
Other post employment benefits liability	1,433,489	129,715	1,364,788	277,109
Claims payable	-	-	-	-
Long-term debt, due in more than one year	11,909,721	-	4,355,410	-
Total Noncurrent Liabilities	13,343,210	129,715	6,290,463	847,374
Total Liabilities	26,519,398	1,778,069	9,467,749	1,044,385
NET POSITION				
Net investment in capital assets	84,165,150	-	66,186,275	69,420,794
Unrestricted	9,887,558	800,424	35,772,797	3,883,919
Total Net Position	\$ 94,052,708	\$ 800,424	\$ 101,959,072	\$ 73,304,713

See accompanying notes to financial statements.

Business-Type Activities Enterprise Funds		Governmental Activities -
Public Transit	Total	Internal Service Fund
\$ -	\$ 52,073,179	\$ 15,237,925
-	334,029	-
-	45,702	14,667
1,448	514,475	57,231
2,675,641	2,675,641	-
-	6,618,444	-
-	-	359,973
-	-	77,261
<u>2,677,089</u>	<u>62,261,470</u>	<u>15,747,057</u>
-	-	1,140,530
-	11,073,000	-
-	44,213,181	161,078
4,260,813	325,539,099	11,671,963
(1,364,610)	(128,586,940)	(7,225,294)
<u>2,896,203</u>	<u>252,238,340</u>	<u>5,748,277</u>
<u>5,573,292</u>	<u>314,499,810</u>	<u>21,495,334</u>
326,296	2,012,083	336,250
6,976	137,944	439,248
-	359,484	-
12,097	446,044	138,896
-	63,225	-
-	2,246,096	4,473
2,136,385	2,136,385	2,635,494
-	-	153,781
-	13,279,332	-
<u>2,481,754</u>	<u>20,680,593</u>	<u>3,708,142</u>
-	1,140,530	-
9,942	3,215,043	-
-	-	315,924
-	16,265,131	-
<u>9,942</u>	<u>20,620,704</u>	<u>315,924</u>
<u>2,491,696</u>	<u>41,301,297</u>	<u>4,024,066</u>
2,896,203	222,668,422	5,748,277
185,393	50,530,091	11,722,991
<u>\$ 3,081,596</u>	<u>\$ 273,198,513</u>	<u>\$ 17,471,268</u>

CITY OF DAVIS, CALIFORNIA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
OPERATING REVENUES				
Charges for current services	\$ 11,310,371	\$ 9,454,530	\$ 14,103,581	\$ 1,662,303
Total Operating Revenues	11,310,371	9,454,530	14,103,581	1,662,303
OPERATING EXPENSES				
Administrative and billing	303,601	216,262	486,458	82,058
Payments to general government	196,735	362,118	265,867	142,910
Water production	3,109,200	-	-	-
Water distribution	1,645,429	-	-	-
Water system maintenance	1,892,442	-	-	-
Street sweeping	-	759,203	-	-
Waste removal and solid waste management	-	8,280,269	-	-
Sewage collection	-	-	1,080,292	-
Sewage treatment	-	-	4,600,502	-
Storm drainage system maintenance	-	-	-	1,160,826
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	68,360	9,535	71,823	14,428
Depreciation	2,530,551	-	1,714,826	2,005,216
Leave benefits	-	-	-	-
Other	85,759	-	101,536	325,477
Total Operating Expenses	9,832,077	9,627,387	8,321,304	3,730,915
Operating Income (Loss)	1,478,294	(172,857)	5,782,277	(2,068,612)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	12,298	3,472	84,270	10,130
Interest expense	(236,583)	-	91,085	(2,335)
Non-Operating grants and contributions	5,548	22,625	-	-
Other	107,419	26,079	148,476	148,336
Total Non-Operating Revenues (Expenses)	(111,318)	52,176	323,831	156,131
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	1,366,976	(120,681)	6,106,108	(1,912,481)
Transfers in	-	-	-	-
CHANGE IN NET POSITION	1,366,976	(120,681)	6,106,108	(1,912,481)
NET POSITION, BEGINNING OF YEAR	92,685,732	921,105	95,852,964	75,217,194
NET POSITION, END OF YEAR	\$ 94,052,708	\$ 800,424	\$ 101,959,072	\$ 73,304,713

See accompanying notes to financial statements.

Business-Type Activities Enterprise Funds		Governmental Activities -
Public Transit	Total	Internal Service Funds
\$ 31,105	\$ 36,561,890	\$ 22,043,889
31,105	36,561,890	22,043,889
-	1,088,379	-
-	967,630	-
-	3,109,200	-
-	1,645,429	-
-	1,892,442	-
-	759,203	-
-	8,280,269	-
-	1,080,292	-
-	4,600,502	-
-	1,160,826	-
3,633,154	3,633,154	-
508,547	508,547	-
-	-	278,786
-	-	1,977,837
-	-	176,505
-	-	480,368
-	-	1,180,169
-	-	510,960
-	-	10,533,108
-	-	68,743
-	-	2,196,596
4,926	169,072	-
108,060	6,358,653	828,892
-	-	3,530,072
-	512,772	-
4,254,687	35,766,370	21,762,036
(4,223,582)	795,520	281,853
-	110,170	40,415
-	(147,833)	-
4,300,352	4,328,525	-
-	430,310	392,540
4,300,352	4,721,172	432,955
76,770	5,516,692	714,808
94,170	94,170	-
170,940	5,610,862	714,808
2,910,656	267,587,651	16,756,460
\$ 3,081,596	\$ 273,198,513	\$ 17,471,268

CITY OF DAVIS, CALIFORNIA

STATEMENTS OF CASH FLOWS PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	Business-Type Activities Enterprise Fund						Governmental Activities - Internal Service Fund
	Water	Sanitation	Sewer	Storm Sewer	Public Transit	Total	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 11,081,301	\$ 9,472,285	\$ 13,702,943	\$ 1,870,968	\$ 97,952	\$ 36,225,449	\$ 22,145,013
Payments to suppliers	(3,361,513)	(9,161,826)	(2,235,098)	(655,407)	(3,482,472)	(18,896,316)	(15,064,810)
Payments to employees	(3,811,657)	(372,043)	(3,909,720)	(789,258)	(367,156)	(9,249,834)	(5,904,311)
Claims paid	-	-	-	-	-	-	(212,593)
Other revenue (expenses)	21,660	26,079	46,940	(177,141)	-	(82,462)	392,540
Net Cash Provided (Used) by Operating Activities	3,929,791	(35,505)	7,605,065	249,162	(3,751,676)	7,996,837	1,355,839
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES							
Non-operating grants and contributions	5,548	22,625	-	-	4,300,352	4,328,525	-
Interfund receipts (payments)	-	-	-	-	(374,327)	(374,327)	(372,182)
Advances from other funds (Advances to other funds)	-	-	(55,697)	(55,697)	-	(111,394)	111,394
Net Cash Provided (Used) by Noncapital Financing Activities	5,548	22,625	(55,697)	(55,697)	3,926,025	3,842,804	(260,788)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Sales (acquisition) of capital assets	(6,266,908)	-	(4,222,402)	-	(174,349)	(10,663,659)	(455,926)
Principal payments on capital debt	5,253,666	-	(826,599)	-	-	4,427,067	-
Interest paid	(40,988)	-	69,330	(2,335)	-	26,007	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,054,230)	-	(4,979,671)	(2,335)	(174,349)	(6,210,585)	(455,926)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	12,555	4,003	90,609	11,406	-	118,573	41,058
Net Cash Provided by Investing Activities	12,555	4,003	90,609	11,406	-	118,573	41,058
Net Increase (Decrease) in Cash and Cash Equivalents	2,893,664	(8,877)	2,660,306	202,536	-	5,747,629	680,183
Cash and Cash Equivalents at Beginning of Year	5,678,716	1,616,579	34,939,582	4,424,702	-	46,659,579	14,557,742
Cash and Cash Equivalents at End of Year	\$ 8,572,380	\$ 1,607,702	\$ 37,599,888	\$ 4,627,238	\$ -	\$ 52,407,208	\$ 15,237,925
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:							
Cash and investments	\$ 8,238,351	\$ 1,607,702	\$ 37,599,888	\$ 4,627,238	\$ -	\$ 52,073,179	\$ 15,237,925
Cash with fiscal agent	334,029	-	-	-	-	334,029	-
	\$ 8,572,380	\$ 1,607,702	\$ 37,599,888	\$ 4,627,238	\$ -	\$ 52,407,208	\$ 15,237,925
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss):	\$ 1,478,294	\$ (172,857)	\$ 5,782,277	\$ (2,068,612)	\$ (4,223,582)	\$ 795,520	\$ 281,853
Adjustments to reconcile operating income to cash flows from operating activities:							
Depreciation	2,530,551	-	1,714,826	2,005,216	108,060	6,358,653	828,892
Other Revenues	107,419	26,079	148,476	148,336	-	430,310	392,540
Change in assets and liabilities:							
(Increase) decrease in:							
Receivables:							
General accounts	2,535,364	(5,804)	(383,098)	200,054	232	2,346,748	96,651
Grants	33,810	-	-	-	66,615	100,425	-
Utility accounts	(2,810,672)	(12,382)	(135,920)	2,588	-	(2,956,386)	-
Inventory	-	-	-	-	-	-	(70,883)
(Increase) decrease in:							
Accounts payable	(57,464)	68,847	280,189	(69,261)	286,756	509,067	(158,486)
Leave benefits payable	31,701	15,136	8,112	10,390	5,317	70,656	33,094
Claims payable	-	-	-	-	-	-	(52,295)
Deferred revenue	12,428	35,941	118,380	6,023	-	172,772	4,473
OPEB obligation	68,360	9,535	71,823	14,428	4,926	169,072	-
Net Cash Provided (Used) By Operating Activities	\$ 3,929,791	\$ (35,505)	\$ 7,605,065	\$ 249,162	\$ (3,751,676)	\$ 7,996,837	\$ 1,355,839

See accompanying notes to financial statements.

CITY OF DAVIS, CALIFORNIA

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

JUNE 30, 2013

	RDA Obligation Retirement Private-Purpose Trust Fund	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Current assets:		
Cash and investments	\$ 3,369,828	\$ 11,366,798
Cash with fiscal agents	17,001,932	1,362,880
Accrued interest receivable	-	9,561
Accounts receivable	-	1,294,186
Deposits	182,869	-
Noncurrent assets:		
Deferred charges	990,442	-
Loans receivable	41,732	-
Total Assets	<u>\$ 21,586,803</u>	<u>\$ 14,033,425</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 30,417	\$ 939,556
Interest payable	513,215	-
Agency funds held for others	-	13,093,869
Advances from other government agencies	330,000	
Current portion of long-term obligations	972,409	-
Noncurrent liabilities:		
Bonds payable, net of unamortized discounts	41,338,064	-
Total Liabilities	<u>43,184,105</u>	<u>\$ 14,033,425</u>
NET POSITION		
Held in trust for private-purpose trust participants	<u>\$ (21,597,302)</u>	

See accompanying notes to financial statements

CITY OF DAVIS, CALIFORNIA

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

FOR THE YEAR ENDED JUNE 30, 2013

	RDA Obligation Retirement Private-Purpose Trust Fund
ADDITIONS	
Property tax revenues	\$ 4,584,497
Investment earnings	19,861
Total additions	4,604,358
DEDUCTIONS	
Program expenses	3,035,683
Interest and fiscal charges	2,451,521
Total deductions	5,487,204
CHANGE IN NET POSITION	(882,846)
NET POSITION, BEGINNING OF YEAR	(20,714,456)
NET POSITION, END OF YEAR	\$ (21,597,302)

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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.

The Financial 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 units 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 Public Facilities Financing Authority, both of which are controlled by and dependent on the City. While the Public Facilities Financing Authority is a separate legal entity, its financial activities are integral to those of the City, and its 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 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.

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

Government-Wide Statements: The Statement of Net Position 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.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 funds are aggregated and reported as nonmajor funds.

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

Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total and five percent of 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.

Governmental Funds

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 special revenue 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.

Development Deferred Improvement Fund – This special revenue fund accounts for restricted revenues from fees collected 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.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Low/Mod Housing Fund – This special revenue fund is used to develop, rehabilitate, and preserve affordable housing that serves households from extremely low to moderate incomes. This fund is used to account for housing assets of the former City Redevelopment Agency upon acceptance of the Housing Successor role by the City.

Open Space Fund - This special revenue fund accounts for revenue from the Open Space Preservation Tax. Such tax revenues are restricted to fund open space preservation and acquisition.

Proprietary Funds

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

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

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

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

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 includes 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

The City reported the following fiduciary funds, which are excluded from the government-wide financial statement, and are presented in separate Fiduciary Fund financial statements.

Agency 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.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Redevelopment Obligation Retirement Private-Purpose Trust Fund – The Redevelopment Obligation Retirement Private-Purpose Trust Fund accounts for the successor agency activities of the former City redevelopment agency. On February 1, 2012, all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities. All assets and liabilities of the city's former redevelopment agency were transferred to the Redevelopment Obligation Retirement Private-Purpose Trust Fund effective February 1, 2012.

Basis of Accounting

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

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

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include taxes, grants, entitlements, and donations. On the accrual basis, revenue from taxes is recognized in the fiscal year for which the taxes are levied or assessed. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Those revenues susceptible to accrual include but are not limited to property taxes, 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.

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

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

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Financial Statement Elements

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 on a bi-monthly basis, in advance, on the 1st of the months of February, April, June, August, October, and December. Water is billed on a consumption basis in arrears for the prior two months from the billing date. 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. Utility billings for all service charge types are included in a single bill on each billing date. The City will change from bi-monthly to monthly utility billing beginning August 1, 2013.

The City has recorded all utility accounts receivable outstanding at June 30, 2013, and has deferred revenue recognition on one-half of the June 1, 2013, bi-monthly billing, representing July service.

Compensated Absences

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 Position. Proprietary funds' liability for compensated absences is recorded in each proprietary fund. The liability for compensated absences is determined annually.

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.

Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the City's pooled investments to be cash equivalents.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Inventories

Inventories are recorded as expenditures or expenses when consumed rather than when purchased and includes items such as materials, parts, and supplies held for consumption. Inventories are valued at the lower of cost or market and are accounted for using the first-in first-out method with cost determined using the average cost method. Inventories, as reported in the fund financial statements, are offset by a nonspendable fund balance designation to indicate they do not constitute resources available for appropriation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

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:

<u>Capital Asset Description</u>	<u>Depreciable Life (Years)</u>
Buildings	50
Improvements	10 - 40
Vehicles	3 - 20
Computers	5 - 7
Equipment	3 - 20
Streets	25-40
Parks and Greenbelts	20 - 50
Belt and Pedestrian Pathways	30 - 75
Utility Underground Systems	20 - 50

Major outlays for capital assets and improvements are capitalized as projects are constructed.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Capitalized Interest

For the City's business-type activities, interest costs relating to the acquisition or construction of capital assets are capitalized as a component of the cost of the capital assets. In situations where the construction of capital assets is financed with proceeds from tax-exempt debt, the amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on investment proceeds over the same period. In situations where the construction of capital assets is financed with proceeds from taxable debt, the amount of interest to be capitalized is calculated by applying the specific or otherwise determined borrowing rate to the average accumulated expenditures pertaining to the project, including previously any capitalized interest on incomplete projects. Under both methods, interest is only capitalized up to the amount of interest incurred during the fiscal year.

Net Position

The government-wide and business type activities fund financial statements utilize a net position presentation. These classifications are described below.

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

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

Unrestricted describes the portion of net position which is not restricted to use.

When expenses are incurred for purposes for which both restricted and unrestricted net position is available, it is the City's policy to first apply restricted fund balance.

Fund Balance

The City's fund balances are classified in accordance with GASB Statement No. 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. Each category in the following hierarchy is ranked according to the degree of spending constraint:

Nonspendable 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.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Committed fund balances have constraints imposed by formal action (ordinance or resolution) of the City Council which may be altered only by the same formal action of the City Council. Formal action must be taken prior to the end of the fiscal year.

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 only by the City Council and may be changed at the discretion of only the City Council as a designee has not yet been appointed by the City Council.

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.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, it is the City's policy to first apply restricted fund balance. When expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts.

New Effective Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the City's financial reporting process. The City became subject to the following GASB Statements for the year ended June 30, 2013:

GASB Statement No. 60 – In December 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement is to improve financial reporting by addressing issues related to service concession arrangements. This Statement is effective for the year ended June 30, 2013. The City has determined that this Statement is not applicable.

GASB Statement No. 61 – In December 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. The objective of this Statement is to improve financial reporting for governmental financial reporting entities. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity and amends the criteria for reporting component units as if they were a part of the primary government in certain circumstances. This Statement is effective for the year ended June 30, 2013. The City has determined that this Statement did not have a material effect on the financial statements.

GASB Statement No. 62 – In June 2011, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in FASB and AICPA pronouncements issued on or before November 30, 1989 which does not conflict with our contradict GASB pronouncements. This Statement is effective the year ended June 30, 2013. The City has determined that this Statement did not have a material effect on the financial statements.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

GASB Statement No. 63 – In June 2011, GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and the resulting net position. This Statement is effective for the year ending June 30, 2013 and has been implemented by the City.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Equity

The following funds have deficit fund equity:

<u>Governmental Activities</u>	
Open Space Fund	\$ 222,359
Parking Maintenance Fund	17,981
Employee Benefits Fund	3,046,184

Open Space Fund – The deficit of \$222,359 in this fund will be eliminated in fiscal year 2013/14 by decreasing fund expenditures.

Parking Maintenance Fund – The deficit of \$17,981 in this fund will be eliminated in fiscal year 2013/14 by decreasing fund expenditures.

Employee Benefits Fund – The deficit of \$3,046,184 in this fund will be reduced over the next few years by increasing the revenue to the fund through internal charges.

NOTE 3 – CASH AND INVESTMENTS

Policies

The City invests in individual investments and in investment pools. Individual investments are evidenced in paper form 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 percent of the City's cash on deposit or first trust deed mortgage notes with a value of 150 percent 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.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 3 – CASH AND INVESTMENTS, *Continued*

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.

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

The City's Investment Policy and the California Government Code allow the City to invest in the following, provided the credit ratings of the issuers are acceptable to the City, and approved percentages and maturities are not exceeded. The table below also identifies certain provisions of the California Government Code or the City's Investment Policy where it is more restrictive that addresses interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government

Code or the City's investment policy. The City follows the practice of pooling cash and investments for all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures.

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 Obligations	5 years	No Limit	No Limit	No Limit
Federal Agency Obligations	5 years	No Limit	No Limit	No Limit
Banker's Acceptances	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 (LAIF)	No Limit	No Limit	No Limit	\$50 Million per account
California Asset Management Program	No Limit	No Limit	No Limit	No Limit

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

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 3 – CASH AND INVESTMENTS, *Continued*

Investments Authorized by Debt Agreements

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or 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 investment held by fiscal agents. The bond indentures contain no limitations on 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.

Investment Types Authorized by State Law	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
Money Market Mutual Funds	N/A	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 Obligations:	No limit	A-1
General Short-Term Obligation	No limit	AA
Special Revenue Bonds	360 to 365 days	A-1
Federal Funds	30 days	A
Repurchase Agreements	N/A	N/A
Local Agency Investment Fund	No limit	AAA
Pre-Refunded Municipal Obligations		
Any investment meeting the requirement for "hedge bond" status	N/A	N/A

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 3 – CASH AND INVESTMENTS, Continued

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 City agreements. Cash and investments as of June 30, 2013, are as follows:

City Cash and Investments in Primary Government:

Cash and investments	\$ 109,651,818
Cash with fiscal agents	334,029
Total City Cash and Investments in Primary Government	<u>109,985,847</u>

Cash and Investments in Fiduciary Funds (Separate Statement)

Cash and investments	14,736,626
Cash with fiscal agents	18,364,812
Total Fiduciary Funds Cash and Investments	<u>33,101,438</u>

Total Cash and Investments	<u><u>\$ 143,087,285</u></u>
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Cash and Investments as of June 30, 2013, consist of the following:

Cash on hand	\$ 9,276
Cash with financial institutions	91,008
Investments	142,987,001
Total Cash and Investments	<u><u>\$ 143,087,285</u></u>

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 higher the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 3 – CASH AND INVESTMENTS, *Continued*

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

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
<i>Held by City:</i>				
Federal Agency Obligations (Callable)	\$ 2,004,160	\$ -	\$ 6,019,320	\$ 8,023,480
California Asset Management Program	16,557,808	-	-	16,557,808
California Local Agency Investment Fund	98,706,872	-	-	98,706,872
Certificates of Deposit	1,000,000	-	-	1,000,000
<i>Held by Trustees:</i>				
Money Market Mutual Funds	18,698,841	-	-	18,698,841
Total Investments	<u>\$ 136,967,681</u>	<u>\$ -</u>	<u>\$ 6,019,320</u>	<u>\$ 142,987,001</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.

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, 2013, the fair value approximated is the City's cost.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 3 – CASH AND INVESTMENTS, *Continued*

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, 2013, are as follows:

Investment Type	AAA	AAAm/Aaa-mf/Aaa	Total
<i>Held by City:</i>			
Federal Agency Obligations (Callable)	\$ 8,023,480	\$ -	\$ 8,023,480
California Asset Management Program	-	16,557,808	16,557,808
<i>Held by Trustees:</i>			
Money Market Mutual Funds	-	18,698,841	18,698,841
	<u>\$ 8,023,480</u>	<u>\$ 35,256,649</u>	<u>43,280,129</u>
<i>Not rated:</i>			
California Local Agency Investment Fund			98,706,872
Certificates of Deposit			1,000,000
Total Investments			<u>\$ 142,987,001</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code has provisions for financial institutions that limit custodial credit risk for deposits. Financial institutions are required to secure deposits made by State or local government units by pledging securities in an undivided collateral pool held by a depository regulated under State law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. The City's financial institutions also have insurance through the Federal Depository Insurance Corporation (FDIC). The City's investment policy has no additional provisions for limiting custodial credit risk for deposits. At June 30, 2013, the City was not exposed to custodial credit risk and there was no securities lending.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 4 – INTERFUND TRANSACTIONS

Interfund Receivables/Payables

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, 2013, the following funds have balances due to the Development Deferred Improvement Fund to temporarily fund short-term cash flow needs.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Development Deferred Improvement Fund	Public Transit Fund	\$ 2,136,385
	Other Non Major Governmental Funds	85,018
	Internal Service Funds	2,635,494
		<u>\$ 4,856,897</u>

All balances pertain to short-term loans to cover cash shortages as of June 30, 2013. The City expects these balances to be repaid in fiscal year 2013-14.

Interfund Advances

At June 30, 2013, the following funds had made advances which were not expected to be repaid within the next year.

<u>Fund Making Advance</u>	<u>Fund Receiving Advance</u>	<u>Amount of Advance</u>
General Services Internal Service Fund	Sewer Fund	\$ 570,265
	Storm Sewer Fund	570,265
		<u>1,140,530</u>
Development Deferred Improvement Fund	Open Space Fund	2,475,000
		<u>2,475,000</u>
		<u>\$ 3,615,530</u>

Sewer and Storm Sewer Funds make annual principal and interest payment on July 1, with final repayment by fiscal year 2023. The Open Space Fund borrowed \$2,475,000 from the Development Deferred Improvement Fund to finance the fee title acquisition of the Mace Curve property. The interest rates are subject to an annual reset at average-cost-of-funds rate (twelve-month average investments earnings rate). Principal and interest payments are reviewed annually during the budgeting process, with the intention of accelerating repayment when possible.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 4 – INTERFUND TRANSACTIONS, Continued

Interfund Transfers

With Council approval, resources may be transferred from one City fund to another. Transfers between funds during the fiscal year ended June 30, 2013, were as follows:

Transfer in	Transfer out	Amount
General Fund	Other Non-Major Governmental Funds	\$ 511,115
		<u>511,115</u>
Other Non Major Governmental Funds	Other Non Major Governmental Funds	149,565
		<u>149,565</u>
Enterprise Funds	Other Non Major Governmental Funds	94,170
		<u>94,170</u>
	Total	<u>\$ 754,850</u>

Transfers between funds primarily occur when expenditures are made in a fund that did not receive the revenue to fund that expenditure. Contribution transfers were made in 2013 to reimburse the General Fund, the Transportation fund and State/Federal Highway grants for grant expenditures from grant funds that received the revenue.

Internal Balances

Internal balances are presented in the government-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 5 – DEFERRED INCOME

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2013, the various components of deferred revenue and unearned revenue reported in the governmental funds are as follows:

	Unavailable	Unearned	Total
Receivables collected after the 60-day period of availability	\$ 1,378,423	\$ -	\$ 1,378,423
Grants, fees, and other receipts received prior to meeting all eligibility requirements	-	1,319,897	1,319,897
Total Deferred Revenue - Governmental Funds	<u>\$ 1,378,423</u>	<u>\$ 1,319,897</u>	<u>\$ 2,698,320</u>

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 6 – 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:

	Balance at June 30, 2013
Loans Receivable:	
Davis Mutual Housing Association	\$ 5,023,629
New Harmony Loan	8,691,473
Windmere II	1,140,937
Walnut Terrace	3,474,055
Tremont Green	2,722,379
Moore Village	3,811,415
Eleanor Roosevelt	4,250,000
Oakshade East	1,909,510
Other Commercial Rehabilitation, Housing Rehabilitation, and Affordable Housing	1,388,606
Community Housing Opportunities Corp	1,300,496
Davis Musical Theater	44,477
Employee Computer Loans	78,363
Total Loans Receivable - Governmental Activities	<u>33,835,340</u>
Mortgages Receivable	<u>418,896</u>
Total Loans and Mortgages Receivable - Governmental Activities	<u><u>\$ 34,254,236</u></u>

Davis Mutual Housing Association

The former Redevelopment Agency (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 percent 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, 2013, the Association has drawn down \$5,023,629.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 6 – LOANS AND MORTGAGES RECEIVABLE, Continued

New Harmony Loan

The City and the former Redevelopment Agency of the City of Davis entered into an agreement with New Harmony, LP to construct and operate a 69-unit residential rental property at the corner of Cowbell Boulevard and Drummond Avenue for low-income and very-low-income housing. These notes are secured by a Deed of Trust. The term of this note is fifty-five years bearing a simple interest rate of 3 percent. 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 by grant funds from HOME funds and the Low/Mod Housing Fund. The amount of funds available under this agreement is \$9,579,195. As of June 30, 2013, the loan amount outstanding is \$8,691,473.

Windmere II

The former 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 percent 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 percent 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 percent 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 percent 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, 2013, was \$1,140,937.

Walnut Terrace

The former 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 percent 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.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 6 – LOANS AND MORTGAGES RECEIVABLE, Continued

Walnut Terrace, Continued

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 percent 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, 2013, was \$3,474,055.

Tremont Green

The former 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 percent 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, 2013 was \$2,722,379.

Moore Village

The former 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 percent 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, 2013, was \$3,811,415.

Eleanor Roosevelt

The former 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 percent simple interest for the next fifteen years, and 3 percent 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, 2013, was \$4,250,000.

Oakshade East

The former 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 percent. If the projects generate any residual cash flow, principle and interest payments are due annually with final payment expected in 2065.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 6 – LOANS AND MORTGAGES RECEIVABLE, Continued

The balance of the loan receivable arising from this note, including accrued interests, was \$1,909,510 at June 30, 2013.

Other Commercial Rehabilitation, Housing Rehabilitation, and Affordable Housing

Prior to the dissolution of the City's former Redevelopment Agency, the City and the Redevelopment Agency were engaged in programs designed to encourage construction or improvement in low-to-moderate income housing or other projects. Under these programs, grants or loans were 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, 2013, was \$1,388,606.

Community Housing Opportunities Corporation

The former 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 28 for-sale residential units and certain other improvements. 21 out of the 28 units will be sold to families with income that is 80 percent 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 percent and will be due on June 8, 2012. The balance of the loans receivable arising from this note at June 30, 2013, was \$1,300,496.

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 percent. 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 and the new interest rate is 2 percent. 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, 2013 is \$44,477.

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, 2013, the loans outstanding amounted to \$78,363.

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, 2013, was \$418,896.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 6 – LOANS AND MORTGAGES RECEIVABLE, Continued

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 7 – CAPITAL ASSETS

Capital Asset Additions and Retirements

Capital assets activity of governmental activities for the year ended June 30, 2013, is as follows:

	Balance at July 1, 2012	Additions and Transfers	Retirements and Transfers	Balance at June 30, 2013
<i>Governmental Activities</i>				
Capital assets not being depreciated:				
Land	\$ 57,919,609	\$ 2,753,188	\$ (802,721)	\$ 59,870,076
Construction in progress	5,604,579	1,582,386	(1,475,290)	5,711,675
Total capital assets not being depreciated	63,524,188	4,335,574	(2,278,011)	65,581,751
Capital assets being depreciated:				
Buildings	28,490,238	739,888	-	29,230,126
Improvements	13,787,527	395,776	-	14,183,303
Vehicles	6,772,480	327,987	(823,674)	6,276,793
Computer and equipment	2,167,219	99,539	(25,216)	2,241,542
Infrastructure				
Streets	255,393,286	665,403	-	256,058,689
Parks and greenbelts	62,815,051	90,976	-	62,906,027
Bike and pedestrian pathways	13,663,859	276,829	-	13,940,688
Total capital assets being depreciated	383,089,660	2,596,398	(848,890)	384,837,168
Less accumulated depreciation:				
Buildings	(9,523,784)	(562,327)	-	(10,086,111)
Improvements	(3,017,007)	(612,093)	-	(3,629,100)
Vehicles	(5,427,944)	(505,653)	806,535	(5,127,062)
Computer and equipment	(1,490,260)	(264,547)	25,216	(1,729,591)
Infrastructure				
Streets	(124,451,954)	(4,881,704)	-	(129,333,658)
Parks and greenbelts	(39,598,909)	(676,257)	-	(40,275,166)
Bike and pedestrian pathways	(12,408,250)	(32,011)	-	(12,440,261)
Total accumulated depreciation	(195,918,108)	(7,534,592)	831,751	(202,620,949)
Net capital assets being depreciated	187,171,552	(4,938,194)	(17,139)	182,216,219
Governmental Activities Capital Assets, Net	\$ 250,695,740	\$ (602,620)	\$ (2,295,150)	\$ 247,797,970

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 7 – CAPITAL ASSETS, Continued

Capital Asset Additions and Retirements, (Continued)

Capital assets activity of business-type activities for the year ended June 30, 2013, is as follows:

	Balance at July 1, 2012	Additions and Transfers	Retirements and Transfers	Balance at June 30, 2013
<i>Business-Type Activities</i>				
Capital assets, not being depreciated:				
Land	\$ 21,783,379	\$ -	\$ -	\$ 21,783,379
Construction in Progress:	-			-
City's Share of JPA	6,697,000	4,376,000	-	11,073,000
Other	16,488,236	6,113,310	(171,744)	22,429,802
Total capital assets not being depreciated	44,968,615	10,489,310	(171,744)	55,286,181
Capital assets, being depreciated:				
Buildings and Improvements	4,226,505	-	-	4,226,505
Water Wells, Pumps and Related Assets	70,418,518	-	-	70,418,518
Water Distribution System	60,281,062	-	-	60,281,062
Sewer Treatment Plant	42,000,000	-	-	42,000,000
Sewer Pipes and Pipelines	36,077,312	-	-	36,077,312
Drainage Facilities	101,483,928	-	-	101,483,928
Equipment	10,705,682	346,093	-	11,051,775
Net capital assets being depreciated	325,193,007	346,093	-	325,539,100
Less accumulated depreciation for:				
Buildings and Improvements	(1,357,750)	(103,678)	-	(1,461,428)
Water Wells, Pumps and Related Assets	(23,479,275)	(1,310,485)	-	(24,789,760)
Water Distribution System	(18,189,828)	(1,205,612)	-	(19,395,440)
Sewer Treatment Plant	(26,508,168)	(838,168)	-	(27,346,336)
Sewer Pipes and Pipe Lines	(13,142,069)	(681,086)	-	(13,823,155)
Drainage Facilities	(34,447,454)	(2,005,216)	-	(36,452,670)
Equipment	(5,103,745)	(214,406)	-	(5,318,151)
Total accumulated depreciation	(122,228,289)	(6,358,651)	-	(128,586,940)
Net capital assets being depreciated	202,964,718	(6,012,558)	-	196,952,160
Business-Type Activities Capital Assets, Net	\$ 247,933,333	\$ 4,476,752	\$ (171,744)	\$ 252,238,341

City's share of JPA represents the City's contribution to the Woodland-Davis Clean Water Agency JPA. The JPA is a legally separate entity. Further details of the JPA are disclosed in Note 15.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 7 – CAPITAL ASSETS, Continued

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.

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 is as follows:

Governmental Activities

City Council	\$	7,991
City Manager		38,506
Parks and community services		2,073,241
Public safety - fire		85,276
Public safety - police		171,282
Public works		5,158,296
Total Governmental Activities	\$	<u>7,534,592</u>

Business-Type Activities

Water	\$	2,530,551
Sewer		1,714,826
Storm sewer		2,005,216
Public transit		108,059
Total Business-Type Activities	\$	<u>6,358,652</u>

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 8 – 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.

The City's long-term debt activities for the year ended June 30, 2013, is as follows:

	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion
<i>Governmental Activities Long-Term Debt:</i>					
<u>Certificates of Participation:</u>					
1995 Association of Bay Area Governments 5.00% - 6.50%	\$ 720,000	\$ -	\$ (720,000)	\$ -	\$ -
Compensated Absences	2,577,492	2,599,827	(2,903,648)	2,273,671	138,896
Other Postemployment Benefits	11,424,029	750,704	-	12,174,733	-
Total Governmental Activities Long-Term Debt	<u>\$ 14,721,521</u>	<u>\$ 3,350,531</u>	<u>\$ (3,623,648)</u>	<u>\$ 15,014,559</u>	<u>\$ 138,896</u>
	Balance July 1, 2012	Additions	Retirements	Balance June 30, 2013	Current Portion
<i>Business-Type Activities Long-Term Debt:</i>					
State Revolving Fund Loan #1 2.70%, due 7/25/2015	\$ 1,099,991	\$ -	\$ (264,152)	\$ 835,839	\$ 271,284
State Revolving Fund Loan #2 2.60%, due 5/01/2019	4,930,373	-	(562,447)	4,367,926	577,071
Department of Water Resources #2 2.60%, due 9/30/2022	3,202,182	-	(242,129)	2,960,053	248,603
East Area Water Storage Tank Loan 4.00%, due 8/01/2038	9,614,850	-	(204,205)	9,410,645	212,374
Wells Fargo Line of Credit	6,270,000	5,700,000	-	11,970,000	11,970,000
Compensated Absences	375,388	512,213	(441,557)	446,044	446,044
Other postemployment benefits	3,045,971	169,072	-	3,215,043	-
Total Business-Type Activities Long-Term Debt	<u>\$ 28,538,755</u>	<u>\$ 6,381,285</u>	<u>\$ (1,714,490)</u>	<u>\$ 33,205,550</u>	<u>\$ 13,725,376</u>

CITY OF DAVIS, CALIFORNIA**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2013****NOTE 8 – LONG-TERM DEBT, Continued****Debt Service Requirements**

Future principal and interest payments on business-type long-term debt are as follows at June 30, 2013:

Fiscal Year Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2014	\$ 1,309,332	583,673	\$ 1,893,005
2015	1,346,661	546,175	1,892,835
2016	1,384,777	507,696	1,892,474
2017	1,130,902	467,721	1,598,624
2018	1,163,579	434,852	1,598,431
2019-2023	4,218,448	1,697,990	5,916,439
2024-2028	1,862,599	1,209,326	3,071,925
2029-2033	2,071,596	830,968	2,902,564
2034-2038	2,520,414	373,175	2,893,589
2039	566,155	11,323	577,478
Subtotal	17,574,463	<u>\$ 6,662,900</u>	<u>\$ 24,237,363</u>
Wells Fargo Bank Line of Credit	11,970,000		
Total	<u>\$ 29,544,463</u>		

Description of the City's Long-Term Debt Issues**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 were secured by a non-cancellable lease. Principal payments were 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. Final payment was made on March 1, 2013. The City retired the debt early with the final payment made July 15, 2012.

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, of which the City has drawn \$4,125,369, and bears interest at 2.7 percent per year for a term of twenty years. As of June 30, 2013, the City owed \$835,839 on the loan.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 8 – LONG-TERM DEBT, Continued

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, of which the City has drawn \$10,519,106, and bears interest at 2.6 percent per year for a term of twenty years. As of June 30, 2013, the City owed \$4,367,926 on the loan.

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. In March 2001 the City borrowed \$5,000,000 from the Department of Water Resources bearing interest at 2.6 percent per year. Repayment of principal began upon completion of the project with the final payment due in September 2022. As of June 30, 2013, the City owed \$2,960,053 on the loan.

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 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 percent per annum. During fiscal year 2011-2012, the City made a final draw of \$2,577,084 in funds associated with this installment sale agreement resulting in the maximum amount of the loan (\$10,000,000) being drawn. As of June 30, 2013, the City owed \$9,410,645 on the loan.

Wells Fargo Bank 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 (the Line) 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 17. The outstanding principal balance incurs interest through an agreed upon formula at a calculated rate of 87.627 percent of the 1 month LIBOR rate +1.320 percent. The unused amount of the Line is charged an unused commitment fee. During fiscal year 2012-2013, the City drew down \$5,700,000, which resulted in a total outstanding balance of \$11,970,000.

Long-Term Liabilities Other Than Debt

Compensated absences and Other Postemployment Benefits (OPEB) of the governmental activities will be liquidated by the governmental funds proportionally based on the amount of their respective payroll costs incurred annually. Similarly, compensated absences and OPEB of the business-type activities will be liquidated by the City's enterprise funds proportionally based on the amount of their respective payroll costs incurred annually.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 9 – 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, 2013, is as follows:

Description	Issue Year	Maturity Year	Outstanding June 30, 2013
University Research Park Improvement, \$2,265,000 original principal	1993	2018	\$ 915,000
Public Facilities Financing Authority, \$5,355,000 original principal	2004	2016	1,540,000
Community Facilities District No. 1991-2, \$14,115,000 original principal	2007	2026	11,430,000
Community Facilities District No. 2007-2, \$5,510,000 original principal	2008	2037	5,060,000
Public Facilities Financing Authority, \$9,570,000 original principal	2009	2030	9,570,000
Total			<u>\$ 28,515,000</u>

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 10 – CLASSIFICATION OF FUND BALANCE

Detailed classifications of the City's fund balances, as of June 30, 2013, are below.

Fund Balance Classifications	General Fund	Child Care Grant	Development Deferred Improvement	Low / Mod Housing Fund	Open Space	Other Governmental Funds	Total
Nonspendables:							
Loans Receivable	\$ 122,840	\$ -	\$ -	\$ -	\$ -	\$ 9,795,953	\$ 9,918,793
Total Nonspendable	<u>122,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,795,953</u>	<u>9,918,793</u>
Restricted for:							
Child Care Services	-	383,316	-	-	-	-	383,316
Development Services	-	-	1,401,746	-	-	-	1,401,746
Roadways & Street Improvements	-	-	13,269,317	-	-	1,458,456	14,727,773
Parks	-	-	5,557,284	-	-	-	5,557,284
Public Safety	-	-	2,408,556	-	-	-	2,408,556
General Facilities	-	-	1,731,885	-	-	-	1,731,885
Open Space	-	-	1,344,286	-	-	-	1,344,286
Grants	-	-	-	-	-	1,723,359	1,723,359
Public, Educational and Government Access	-	-	-	-	-	-	-
Public Facilities	-	-	-	-	-	735,462	735,462
Land Acquisition	-	-	-	-	-	-	-
District Improvements	-	-	-	-	-	1,214,930	1,214,930
Low Income Housing	-	-	-	24,672,407	-	-	24,672,407
Total Restricted	<u>-</u>	<u>383,316</u>	<u>25,713,074</u>	<u>24,672,407</u>	<u>-</u>	<u>5,132,207</u>	<u>55,901,004</u>
Committed to:							
Building and Planning	-	-	-	-	-	295,748	295,748
Cable TV	-	-	-	-	-	1,115,939	1,115,939
In Lieu of Parking and Parking	-	-	-	-	-	667,124	667,124
Agriculture Land Acquisition	-	-	-	-	-	426,114	426,114
Municipal Arts	-	-	-	-	-	81,435	81,435
Public Safety	-	-	-	-	-	224,516	224,516
Capital Projects	-	-	-	-	-	4,834,432	4,834,432
Other Special Revenues	-	-	-	-	-	9,029	9,029
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,654,337</u>	<u>7,654,337</u>
Assigned to:							
Land Acquisition	-	-	-	-	-	1,559,189	1,559,189
Total Assigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,559,189</u>	<u>1,559,189</u>
Unassigned:	<u>7,797,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(222,359)</u>	<u>364,859</u>	<u>7,939,607</u>
Total Unassigned	<u>7,797,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(222,359)</u>	<u>364,859</u>	<u>7,939,607</u>
Total Fund Balances	<u>\$ 7,919,947</u>	<u>\$ 383,316</u>	<u>\$ 25,713,074</u>	<u>\$ 24,672,407</u>	<u>\$ (222,359)</u>	<u>\$ 24,506,545</u>	<u>\$ 82,972,930</u>

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 11 – PENSION PLANS

CalPERS Safety and Miscellaneous Employees Plans

Plan Description and Funding Policy

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 (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. 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.

The Plans' provisions and benefits in effect at June 30, 2013, are summarized as follows:

	Safety	Miscellaneous
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50
Monthly benefits, as a % of annual salary	3%	1.426 - 2.5%
Required employee contribution rates	9%	8%
Required employer contribution rates	25.551%	19.381%

Annual Pension Cost, Actuarial Methods, and Assumptions

The fiscal year 2012-2013 the plan's annual pension cost was \$8,433,449. 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 pension obligation.

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

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 11 – PENSION PLANS, Continued

The Plans annual pension costs and actual contributions for the last three fiscal years are set forth below:

<u>Fiscal Year Ending June 30,</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
2011	\$ 7,308,026	100%
2012	8,507,850	100%
2013	8,433,449	100%

Funding Progress and Funding Status

The funded status of the Plans as of the most recent actuarial valuation date available is as follows:

Safety Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Entry Age Actuarial Accrued Liability (B)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (B - A)</u>	<u>Funded Ratio (A / B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll (B - A / C)</u>
6/30/2011	\$ 77,458,408	\$ 96,568,277	\$ 19,109,869	80.2%	\$ 9,715,719	196.7%

Miscellaneous Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Entry Age Actuarial Accrued Liability (B)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL) (B - A)</u>	<u>Funded Ratio (A / B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll (B - A / C)</u>
6/30/2011	\$ 115,603,690	\$ 152,651,865	\$ 37,048,175	75.7%	\$ 19,710,807	188.0%

Immediately following the notes, in the Required Supplemental Information is a schedule of funding progress displaying a three-year trend information of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the City's Miscellaneous and Safety retirement plans.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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:

Miscellaneous			Safety
■ Eligibility	<ul style="list-style-type: none"> Retire directly from the City Participate in PEMHCA 		<ul style="list-style-type: none"> Retire directly from the City Participate in PEMHCA
■ Benefit	<u>Hired before July 1, 1996</u> <ul style="list-style-type: none"> City pays full medical premium Capped at 100% Bay Area/Sac Kaiser family rate 	<u>Hired after July 1, 1996</u> <ul style="list-style-type: none"> Under Age 60 <ul style="list-style-type: none"> City Pays 50% medical premium Capped at 50% Bay Area/Sac Kaiser family Rate 60 or Over <ul style="list-style-type: none"> City pays full medical premium Capped at 100% Bay Area/Sac Kaiser family rate 	<u>All Safety Employees</u> <ul style="list-style-type: none"> City pays full medical premium Capped at 100% Bay Area/Sac Kaiser family rate
■ Surviving Spouse Benefit	<ul style="list-style-type: none"> Eligibility - CalPERS retirement plan election Benefit - same benefit continues 		
■ 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 		

As of June 30, 2013, approximately 235 participants were eligible to receive benefits.

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 percent in fiscal 2010-2011 to 7.75 percent starting in fiscal 2018-2019 based on funding policy, (b) 3.25 percent projected annual salary increase, (c) 3.00 percent of general inflation increase, and (d) a healthcare trend showing actual premiums paid for 2011 to 4.50 percent 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.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, Continued

Funding Policy and Actuarial Assumptions, Continued

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.

Annual OPEB Cost

During the fiscal year ended June 30, 2013, the City made contributions toward the ARC amounting to \$5,924,224 to the plan which represented 18.8 percent of the \$31,378,000 covered payroll. As a result, the City has recorded the net OPEB obligation, representing the difference between the ARC, the amortization of the net OPEB asset and actual contributions, as presented below:

Annual required contribution	\$ 7,330,000
Interest on net OPEB obligation	826,000
Amortization of net OPEB obligation	<u>(1,312,000)</u>
Annual OPEB cost	6,844,000
Contributions made:	
Benefit payments	2,294,501
Trust pre-funding	<u>3,629,723</u>
Total contributions	<u>5,924,224</u>
Net increase in net OPEB obligation	919,776
Net OPEB obligation at July 1, 2012	<u>14,470,000</u>
Net OPEB obligation at June 30, 2013	<u>\$ 15,389,776</u>
Percentage of ARC contributed	80.82%

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 OPEB Cost Contributed	Net OPEB Obligation
6/30/2011	\$ 5,476,000	\$ 3,494,970	63.82%	\$ 12,292,574
6/30/2012	5,813,000	3,635,574	62.54%	14,470,000
6/30/2013	6,844,000	5,924,224	86.56%	15,389,776

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS, Continued

The funded status of the plan as of the most recent actuarial valuation date is as follows:

Actuarial Valuation Date	Actual Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (UAAL) (B - A)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll (B - A / C)
6/30/2011	\$ 3,091,000	\$ 61,501,000	\$ 58,410,000	5.03%	\$ 31,378,000	186.15%

Immediately following the notes, in the Required Supplemental Information is a schedule of funding progress displaying a three-year trend information of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the City's OPEB plan.

NOTE 13 – DEFERRED COMPENSATION

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

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

NOTE 14 – 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.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 14 – RISK MANAGEMENT, Continued

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, workers' compensation, property, fidelity, boiler and machinery, and pollution legal liability claims. Once the City's deductible is met, YCPARMIA becomes responsible for payment of all claims up to the limit. The City's underground storage tank is insured by ACE American Insurance Company. In addition, the California Joint Powers Risk Management Authority (CJPRMA), Fidelity and Deposit of MD, and CSAC-EIA, provide coverage for amounts in excess of YCPARMIA's limits. During the fiscal year ended June 30, 2013, the City contributed \$1,486,192 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	\$ 5,000	\$ 40,000,000
Workers' Compensation	1,000	Statutory
Property	1,000	926,480,683
Fidelity Coverage	1,000	2,000,000
Boiler and Machinery Coverage	1,000	100,000,000
Pollution Legal Liability	-	10,000,000

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, California 94588-3235.

For the years ended June 30, 2013, 2012, and 2011, the amount of settlement did not exceed insurance coverage.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 14 – RISK MANAGEMENT, Continued

Self-Insurance Internal Service Funds

The Governmental Accounting Standards Board (GASB) requires municipalities to record their liability for uninsured claims. As discussed previously, 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:

	2013	2012
Beginning balance	\$ 34,500	\$ 34,500
Liability for current fiscal year claims	45,000	135,000
Decrease in estimated liability for prior year claims	(4,346)	(107,654)
Payments made on current year claims	(5,000)	(26,914)
Payments made on prior year claims	(25,154)	(432)
Ending balance	<u>\$ 45,000</u>	<u>\$ 34,500</u>
Current Portion	<u>\$ 45,000</u>	<u>\$ 34,500</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:

	2013	2012
Beginning balance	\$ 18,208	\$ 15,854
Liability for current fiscal year claims	23,000	91,000
Decrease in estimated liability for prior year claims	(7,108)	(54,194)
Payments made on current year claims	(10,540)	(25,521)
Payments made on prior year claims	(11,100)	(8,931)
Ending balance	<u>\$ 12,460</u>	<u>\$ 18,208</u>
Current Portion	<u>\$ 12,460</u>	<u>\$ 18,208</u>

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 14 – RISK MANAGEMENT, Continued

Self-Insurance Internal Service Funds, Continued

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:

	2013	2012
Beginning balance	\$ 469,291	\$ 356,524
Liability for current fiscal year claims	-	-
Increase in estimated liability for prior year claims	39,274	211,268
Payments made on current year claims	-	-
Payments made on prior year claims	(96,321)	(98,501)
Ending balance	<u>\$ 412,244</u>	<u>\$ 469,291</u>
Current Portion	<u>\$ 96,321</u>	<u>\$ 98,501</u>

NOTE 15 – JOINTLY GOVERNED ORGANIZATION / INVESTMENT IN JOINT VENTURE

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 \$4,376,000 for the year ended June 30, 2013. Financial statements of the Agency may be obtained by mailing a request to the City of Davis, 23 Russell Blvd., Davis, California 95616.

NOTE 16 – CONTINGENCIES

Single Audit

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.

Litigation

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.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 16 – CONTINGENCIES, Continued

Due Diligence Agreed-Upon Procedures Engagements

Assembly Bill 1484 established a requirement for the City of Davis Redevelopment Successor Agency to remit to the County auditor-controller three payments as determined by the auditor-controller which consist of a payment to be made in July 2012 for taxing entities' share of December 2011 property tax distribution to redevelopment agency/successor agency, a payment to be made in November 2012 related to Low-Moderate Income Housing Fund Due Diligence Review for unencumbered cash, and a payment to be made in April 2013 related to the other Redevelopment Funds Due Diligence Review for unencumbered cash.

The City received its original Other Funds and Accounts Due Diligence Review (OFA) determination letter from the California Department of Finance (DOF) dated March 27, 2013. The City subsequently requested a meet and confer session with the DOF and held this meeting on April 17, 2013. The DOF then submitted the final letter determination of the OFA balances dated May 3, 2013 and determined that the City of Davis was to transmit \$5,575,699 to the Auditor-Controller's Office, to be distributed back to the taxing entities within five working days of receiving the letter. As of the date of the financial statements, payment has not been submitted to the Auditor-Controller. Failure to transmit the payment may result in offsets to the City's sales, use, or property tax allocation. Failure to transmit the funds will also prevent the City from receiving a finding of completion from the DOF. Until the issue is resolved there is a continuing risk that the State Controller and the DOF will require the City to return the \$5.6 million from the City's Downtown Area Capital Revitalization capital project fund to the Auditor-Controller. See Note 18.

NOTE 17 – NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the City's financial reporting process. Future new standards which may impact the City include the following:

GASB Statement No. 65 – In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is not effective until June 30, 2014. The City has not determined the effect of this Statement.

GASB Statement No. 66 - In March 2012, GASB issued Statement No. 66, *Technical Corrections – 2012 – and amendment of GASB Statements No. 10 and 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted

from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement is not effective until June 30, 2014. The City has not determined the effect of this Statement.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 17 – NEW ACCOUNTING PRONOUNCEMENT, *Continued*

GASB Statement No. 67 – In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by State and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to define contribution plans that provide postemployment benefits other than pensions. This Statement is not effective until June 30, 2014. The City has not determined the effect of this Statement.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement. This Statement is not effective until June 30, 2015. The City has not determined the effect of this Statement.

GASB Statement No. 69 – In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to improve accounting and financial reporting by State and local governments for government combinations and disposals of government operations. The Statement provides authoritative guidance on a variety of government combinations including mergers, acquisitions, and transfers of operations. This Statement is not effective until June 30, 2015. The City has not determined the effect of this Statement.

GASB Statement No. 70 – In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by State and local governments that extend and receive nonexchange financial guarantees. The Statement requires a government that exchanges a nonexchange guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This Statement is not effective until the fiscal year ending June 30, 2014. The City has not determined the effect of this Statement.

GASB Statement No. 71 – In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment to GASB Statement No. 68*. This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68. The City has not determined the effect on the financial statements

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 18 – SUCCESSOR AGENCY TRUST of the FORMER REDEVELOPMENT AGENCY

Background

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (the Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Davis (the City) that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of State and local government. On August 23, 2011, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution No. 12-003.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations, or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

The Successor Agencies will only be allocated revenues in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

On January 16, 2013, the Department of Finance issued a final determination letter allowing the transfer of \$18,116,950 in housing assets and reversing the balance ruled as due to taxing entities of \$103,857, effectively reversing the items previously denied in the December 10, 2012 letter.

The All Other Redevelopment Funds Due Diligence Review was submitted to the DOF on January 15, 2013. See Note 16.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City and any assets currently held by the City, that were transferred from the former redevelopment agency are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 18 – SUCCESSOR AGENCY TRUST of the FORMER REDEVELOPMENT AGENCY, Continued

Property Taxes

Property taxes are assessed under various legislative provisions, contained in the Government Code and the Revenue and Taxation Code, by the County Assessor. Taxes on real property are limited to one percent of assessed valuation plus additional taxes for repayment of any existing voted indebtedness. The Successor Agency receives a portion of the property tax income based on a formula prescribed in Section 26912(b) of the Government Code and Sections 95-100 of the California Revenue and Taxation Code and as amended by the passage of AB 454.

The Successor Agency's main source of funding is property taxes allocated by the County Auditor-Controller (CAC) from the Redevelopment Property Tax Trust Fund (RPTTF). The allocation of property taxes is related to the repayment of the former Redevelopment Agency's enforceable obligations. The Successor Agency prepares a Recognized Obligation Payment Schedule (ROPS) estimating the RPTTF funds required to pay its obligations for each six-month period (January – June and July – December). The ROPS is subject to review and approval of the Oversight Board, CAC, and State Department of Finance (DOF).

The Successor Agency receives allocation of property taxes for its approved ROPS items after payment of the County's administrative costs and pass-through payments to affected taxing entities. Property tax revenue allocations are reported under tax increment revenues in the statement of changes in fiduciary net position and are recognized in the same fiscal year as the underlying six month ROPs to which they pertain. In addition to the ROPS payments, the Successor Agency is allocated an annual administrative allowance equal to 3% of the approved RPTTF funding or the minimum amount of \$250,000, whichever is greater.

Cash and Investments

The Successor Agency's dependence on property tax receipts, which are received semi-annually, requires it to maintain significant cash reserves to finance operations during the remainder of the year. The Successor Agency pools cash from all sources, except Cash with Fiscal Agents, with the City of Davis so that it can be invested at the maximum yield, consistent with safety and liquidity, while individual funds can make expenditures at any time. See footnote four for the City's Investment Policy and the California Government Code. The total cash and investments balance of \$3,369,828 is presented in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments held in the City's cash and investments pool are available on demand and are stated at fair value.

Cash with Fiscal Agents

The total cash with fiscal agents balance of \$17,184,802 represents cash held by third party trustees as determined by bond covenants.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 18 – SUCCESSOR AGENCY TRUST of the FORMER REDEVELOPMENT AGENCY, Continued

Current Liabilities

Loan from the City of Davis to the Successor Agency

On March 5, 2013, the Successor Agency entered into a loan agreement with the City of Davis in the amount of \$330,000. The proceeds from the loan were used for the Successor Agency to settle an enforceable obligation identified on the approved Successor Agency ROPS schedule. Repayment terms indicated that the City will be repaid within ten days of the Successor Agency receiving payment from the Yolo County Auditor-Controller for its July 1, 2013-December 31, 2013 ROPS.

Long-Term Obligations

The following is a summary of long-term debt transactions of the Successor Agency for the fiscal year ended June 30, 2013:

<u>Tax Allocation Bonds:</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2013</u>	<u>Curent Potion</u>
2003 Tax Allocation Refunding Bonds 2.00% - 5.00%, due 9/01/2033	\$ 8,150,000	\$ -	\$ 170,000	\$ 7,980,000	\$ 180,000
2007 Tax Allocation Refunding Bonds 2.00% - 5.00%, due 9/01/2030	10,470,000	-	380,000	10,090,000	385,000
2007 Taxable Housing Tax Allocation Bonds 5.50%, due 9/01/2037	7,840,000	-	140,000	7,700,000	145,000
2011 Subordinate Tax Allocation Bonds, Series A 6.50% - 7.00%, due 12/01/2036	13,310,000	-	-	13,310,000	-
B 3.25% - 5.00%, due 12/01/2022	4,105,000	-	285,000	3,820,000	295,000
Less Deferred Issuance Discounts	(622,118)		32,591	(589,527)	(32,591)
Total	<u>\$ 43,252,882</u>	<u>\$ -</u>	<u>\$ 975,000</u>	<u>\$ 42,310,473</u>	<u>\$ 972,409</u>

Debt Service Requirements

Future principal and interest payments on all of the Successor Agency's long-term debt were as follows at June 30, 2013:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 1,005,000	\$ 2,410,730	\$ 3,415,730
2015	1,055,000	2,365,980	3,420,980
2016	1,100,000	2,312,593	3,412,593
2017	1,160,000	2,251,496	3,411,496
2018	1,225,000	2,186,393	3,411,393
2019-2023	7,200,000	9,801,978	17,001,978
2024-2028	9,440,000	7,550,294	16,990,294
2029-2033	12,000,000	4,564,054	16,564,054
2034-2038	8,715,000	1,139,265	9,854,265
Total	<u>\$ 42,900,000</u>	<u>\$ 34,582,782</u>	<u>\$ 77,482,782</u>

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 18 – SUCCESSOR AGENCY TRUST of the FORMER REDEVELOPMENT AGENCY, Continued

Description of the Successor Agency's Long-Term Debt

2003 Tax Allocation Refunding Bonds and 2007 Tax Allocation Refunding Bonds

On October 30, 2003, the former 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 former Redevelopment Agency's outstanding Davis Redevelopment Project 1994 Tax Allocation Bonds. The Successor 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.

The pledge of future tax increment revenues ends upon repayment of the \$15,521,219 in remaining debt service on this bond issue which is scheduled to occur in 2034. For fiscal year 2012-2013 debt service amounted to \$561,396.

On February 20, 2007, the former 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 former Redevelopment Agency's outstanding Davis Redevelopment Project 2000 Tax Allocation Refunding Bonds. The bonds are secured on parity with the 2003 Tax Allocation Refunding Bonds by a pledge of and first lien on Successor 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 former Redevelopment 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 2031.

The pledge of future tax increment revenues ends upon repayment of the \$14,300,719 in remaining debt service on this bond issue which is scheduled to occur in 2031. For fiscal year 2012-2013 debt service amounted to \$801,600.

2007 Taxable Housing Tax Allocation Bonds

On February 20, 2007, the former 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. Successor 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 \$14,366,985 in remaining debt service on this bond issue which is scheduled to occur in 2038. For fiscal year 2012-2013 debt service amounted to \$576,615.

2011 Subordinate Tax Allocation Bonds, Series A, and Series B

On March 1, 2011, the former 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 former Redevelopment Agency's Davis Redevelopment Successor Agency Project.

CITY OF DAVIS, CALIFORNIA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 18 – SUCCESSOR AGENCY TRUST of the FORMER REDEVELOPMENT AGENCY, Continued

The bonds are payable from subordinate tax revenues which consist primarily of tax increment revenues payable to the Successor Agency.

The pledge of future tax increment revenues ends upon repayment of the \$14,366,985 in remaining debt service on this bond issue which is scheduled to occur in 2038. For fiscal year 2012-2013 debt service amounted to \$576,615.

As discussed above, the Successor Agency has pledged all future tax increment revenues 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 and B Tax Allocation Refunding Bonds. The pledge of all future tax increment revenues end upon repayment of the combined remaining debt service of \$77,482,782 on the Bonds above, which is scheduled to occur in 2038. For fiscal year 2012-2013, net tax increment revenues amounted to \$4,584,497 while debt service of the bonds amounted to \$3,431,617.

NOTE 19 – SUBSEQUENT EVENT

On October 1, 2013, the City of Davis Public Facilities Financing Authority issued \$30,000,000 in 2013 Water Revenue Bonds. The bonds were used to pay off the line of credit with Wells Fargo in the amount of \$11,970,000.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DAVIS, CALIFORNIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR EMPLOYEES RETIREMENT PLAN**

FOR THE YEAR ENDED JUNE 30, 2013

The tables below show a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the City's retirement and OPEB plans as of the valuation dates:

City of Davis
Public Safety Plan - Employees Retirement Plan

Actuarial Valuation Date	Actual Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (UAAL) (B - A)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll (B - A / C)
6/30/2009	\$ 69,160,746	\$ 85,150,185	\$ 15,989,439	81.2%	\$ 9,805,070	163.1%
6/30/2010	73,120,141	88,235,535	15,115,394	82.9%	9,433,404	160.2%
6/30/2011	77,458,408	96,568,277	19,109,869	80.2%	9,715,719	196.7%

City of Davis
Miscellaneous Plan - Employees Retirement Plan

Actuarial Valuation Date	Actual Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (UAAL) (B - A)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll (B - A / C)
6/30/2009	\$ 104,636,918	\$ 135,328,725	\$ 30,691,807	77.3%	\$ 21,509,734	142.7%
6/30/2010	109,980,468	142,260,115	32,279,647	77.3%	20,173,591	160.0%
6/30/2011	115,603,690	152,651,865	37,048,175	75.7%	19,710,807	188.0%

See notes to required supplementary information.

CITY OF DAVIS, CALIFORNIA

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

FOR THE YEAR ENDED JUNE 30, 2013

City of Davis
Other Post Employment Benefits (OPEB)

Actuarial Valuation Date	Actual Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (UAAL) (B - A)	Funded Ratio (A / B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll (B - A / C)
6/30/2008	\$ -	\$ 53,505,000	\$ 53,505,000	0.00%	\$ 30,222,545	177.04%
6/30/2010	1,500,000	65,940,000	64,440,000	2.27%	31,154,000	206.84%
6/30/2011	3,091,000	61,501,000	58,410,000	5.03%	31,378,000	186.15%

Notes to the Supplementary Information

- Note 1** This information is intended to help users assess the City's Public Safety and Miscellaneous Retirement Plans and the City's OPEB plan status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other employers.
- Note 2** The information presented relates to the City's Public Safety and Miscellaneous Retirement Plans and the City OPEB plan only.

See notes to required supplementary information.

CITY OF DAVIS, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUDGET BASIS
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 29,328,675	\$ 29,328,675	\$ 32,219,261	\$ 2,890,586
Licenses and permits	150	150	353	203
Fines and forfeitures	960,540	960,540	826,972	(133,568)
Use of money and property	500,653	494,853	419,704	(75,149)
Intergovernmental	100,822	342,610	190,870	(151,740)
Charges for current services	4,983,273	5,778,706	5,235,877	(542,829)
Administrative fee - Enterprise Fund	2,541,485	2,541,485	2,541,485	-
Other	440,655	521,055	484,772	(36,283)
Total Revenues	38,856,253	39,968,074	41,919,294	1,951,220
EXPENDITURES:				
Current:				
General government:				
City council	172,559	150,439	150,439	-
City attorney	362,967	265,804	265,804	-
City manager	1,971,106	1,903,834	1,888,696	15,138
Administrative Services	2,609,754	2,536,337	2,570,605	(34,268)
Community development	1,448,406	2,644,514	2,352,089	292,425
Public works	2,845,753	2,437,973	1,534,464	903,509
Parks and recreation:				
Parks and community services	9,384,916	9,438,580	9,802,109	(363,529)
Public safety:				
Fire	8,040,074	8,853,607	8,853,543	64
Police	13,907,166	14,077,896	14,077,888	8
Capital outlay	1,070,000	1,156,236	61,086	1,095,150
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total Expenditures	41,812,701	43,465,220	41,556,723	1,908,497
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(2,956,448)	(3,497,146)	362,571	3,859,717
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	511,115	511,115
Total Other Financing (Uses)	-	-	511,115	511,115
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(2,956,448)	(3,497,146)	873,686	4,370,832
Budgetary Fund Balance, Beginning of Year	5,615,976	5,615,976	5,615,976	-
Budgetary Fund Balance, End of Year	\$ 2,659,528	\$ 2,118,830	\$ 6,489,662	\$ 4,370,832

(Continued)

See notes to required supplementary information.

CITY OF DAVIS, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUDGET BASIS (Continued)**

FOR THE YEAR ENDED JUNE 30, 2013

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures:

Budgetary Revenues:

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule: \$ 41,919,294

Differences - budget to GAAP:

Revenues of the Construction Tax fund are not inflows of budgetary resources in the General Fund legally adopted budget, but are revenues of the General Fund for financial reporting purposes 924,946

Revenues of the Building Permits and Fees fund are not inflows of budgetary resources in the General Fund legally adopted budget, but are revenues of the General Fund for financial reporting purposes 1,752,692

Total revenues as reported on the statement of revenues expenditures and changes in fund balances - governmental funds \$ 44,596,932

Budgetary Expenditures:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule: \$ 41,556,723

Expenditures of the Construction Tax fund are outflows of budgetary resources in the General Fund legally adopted budget, but are expenditures of the General Fund for financial reporting purposes 491,471

Expenditures of the Building Permits and Fees fund are outflows of budgetary resources in the General Fund legally adopted budget, but are expenditures of the General Fund for financial reporting purposes 1,394,804

Total revenues as reported on the statement of revenues expenditures and changes in fund balances - governmental funds \$ 43,442,998

See notes to required supplementary information.

CITY OF DAVIS, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUDGETARY BASIS
CHILD CARE GRANT**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES:				
Use of money and property	\$ 1,900	\$ 1,900	\$ 1,695	\$ (205)
Intergovernmental	5,825,625	6,299,809	5,335,481	(964,328)
Charges for current services	81,995	58,495	89,515	31,020
Total Revenues	<u>5,909,520</u>	<u>6,360,204</u>	<u>5,426,691</u>	<u>(933,513)</u>
EXPENDITURES:				
Current:				
Parks and recreation:				
Parks and community services	<u>5,922,869</u>	<u>6,356,510</u>	<u>5,390,685</u>	<u>965,825</u>
Total Expenditures	<u>5,922,869</u>	<u>6,356,510</u>	<u>5,390,685</u>	<u>965,825</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,349)	3,694	36,006	32,312
Fund Balance, Beginning of Year	<u>347,273</u>	<u>347,273</u>	<u>347,273</u>	-
Fund Balance, End of Year	<u>\$ 333,924</u>	<u>\$ 350,967</u>	<u>\$ 383,279</u>	<u>\$ 32,312</u>

See notes to required supplementary information.

CITY OF DAVIS, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUDGETARY BASIS
DEVELOPMENT DEFERRED IMPROVEMENT FUND**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES:				
Use of money and property	\$ 54,000	\$ 54,000	\$ 62,921	\$ 8,921
Development Fees	523,800	523,800	1,920,845	1,397,045
Other	-	1,135	534,605	533,470
Total Revenues	<u>577,800</u>	<u>578,935</u>	<u>2,518,371</u>	<u>1,939,436</u>
EXPENDITURES:				
Current:				
General government:				
Administrative Services	91,104	124,796	117,879	6,917
Public works	1,307,982	1,079,107	278,507	800,600
Special projects	83,256	153,613	133,187	20,426
Capital outlay	<u>3,873,780</u>	<u>5,011,370</u>	<u>628,281</u>	<u>4,383,089</u>
Total Expenditures	<u>5,356,122</u>	<u>6,368,886</u>	<u>1,157,854</u>	<u>5,211,032</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(4,778,322)	(5,789,951)	1,360,517	7,150,468
OTHER FINANCING SOURCES				
Transfers out	<u>128,800</u>	<u>128,800</u>	-	128,800
Total Other Financing Sources	<u>128,800</u>	<u>128,800</u>	-	128,800
EXCESS (DEFICIENCY) OF REVENUES, OVER (UNDER) EXPENDITURES AND OTHER SOURCES	(4,649,522)	(5,661,151)	1,360,517	7,021,668
Fund Balance, Beginning of Year	<u>24,352,557</u>	<u>24,352,557</u>	<u>24,352,557</u>	-
Fund Balance, End of Year	<u>\$ 19,703,035</u>	<u>\$ 18,691,406</u>	<u>\$ 25,713,074</u>	<u>\$ 7,021,668</u>

See notes to required supplementary information.

CITY OF DAVIS, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUDGETARY BASIS
LOW/ MODERATE INCOME HOUSING FUND**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final	Amounts	
REVENUES:				
Use of money and property	\$ 25,600	\$ 25,600	\$ 35,212	\$ 9,612
Charges for services	250,000	250,000	182,561	(67,439)
Other	-	38,856	36,941	(1,915)
Total Revenues	<u>275,600</u>	<u>314,456</u>	<u>254,714</u>	<u>(59,742)</u>
EXPENDITURES:				
Current:				
General government:				
Special projects	<u>259,623</u>	<u>324,933</u>	<u>281,967</u>	<u>42,966</u>
Total Expenditures	<u>259,623</u>	<u>324,933</u>	<u>281,967</u>	<u>42,966</u>
OTHER FINANCING SOURCES				
Transfers in	<u>-</u>	<u>54,197</u>	<u>-</u>	<u>(54,197)</u>
Total Other Financing Sources	<u>-</u>	<u>54,197</u>	<u>-</u>	<u>(54,197)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES	15,977	43,720	(27,253)	(70,973)
Fund Balance, Beginning of Year	<u>24,699,660</u>	<u>24,699,660</u>	<u>24,699,660</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 24,715,637</u>	<u>\$ 24,743,380</u>	<u>\$ 24,672,407</u>	<u>\$ (70,973)</u>

See notes to required supplementary information.

CITY OF DAVIS, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – BUDGETARY BASIS
OPEN SPACE FUND**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 640,000	\$ 640,000	\$ 636,293	\$ (3,707)
Use of money and property	8,200	8,200	14,912	6,712
Intergovernmental	-	1,353,000	1,353,000	-
Total Revenues	648,200	2,001,200	2,004,205	3,005
EXPENDITURES:				
Current:				
Parks and recreation:				
Parks and community services	244,742	323,877	323,125	752
Capital Outlay	-	2,742,114	2,742,114	-
Total Expenditures	244,742	3,065,991	3,065,239	752
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	403,458	(1,064,791)	(1,061,034)	3,757
Fund Balance, Beginning of Year	838,675	838,675	838,675	-
Fund Balance, End of Year	\$ 1,242,133	\$ (226,116)	\$ (222,359)	\$ 3,757

See notes to required supplementary information.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DAVIS, CALIFORNIA

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1 – BUDGET

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, 2013. Individual amendments were not material in relation to the original appropriations. All appropriations not expended or encumbered by yearend are canceled. All prior year unspent encumbrances are rolled over to the current fiscal year.

Departments shall observe the budget document to ensure their financial activities comply for their respective departments and/or areas of operations. Where funds are restricted by law, such as developer fees, gas tax funds, trust funds, etc., departments shall ensure compliance with legal restrictions for such funds under their control.

Each department shall establish internal budget controls to administer compliance with the City's policy.

Expenditures in Excess of Appropriations

General Fund expenditures for the year ended June 30, 2013, exceeded the appropriations in the following functions.

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Administrative services	\$ 2,536,337	\$ 2,570,605	\$ (34,268)
Parks and community services	9,438,580	9,802,109	(363,529)

The excess expenditures were covered by residual balances within the fund.

SUPPLEMENTARY INFORMATION

NON-MAJOR GOVERNMENTAL FUNDS

CITY OF DAVIS, CALIFORNIA

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
ASSETS				
Cash and investments	\$ 4,910,342	\$ 382,495	\$ 8,119,052	\$ 13,411,889
Accrued interest	4,254	345	7,598	12,197
Receivables:				
General accounts	286,803	-	-	286,803
Grants	1,663,256	-	107,727	1,770,983
Utility accounts	216,851	-	-	216,851
Loans	9,576,361	-	43,606	9,619,967
Mortgages	175,985	-	-	175,985
Total Assets	<u>\$ 16,833,852</u>	<u>\$ 382,840</u>	<u>\$ 8,277,983</u>	<u>\$ 25,494,675</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables:				
Accounts	\$ 204,193	\$ -	\$ 54,090	\$ 258,283
Wages	13,183	-	1,039	14,222
Deferred revenue	565,604	-	65,003	630,607
Due to other funds	85,018	-	-	85,018
Total Liabilities	<u>867,998</u>	<u>-</u>	<u>120,132</u>	<u>988,130</u>
Fund Balances:				
Nonspendable	9,752,347	-	43,606	9,795,953
Restricted	3,411,583	-	1,720,624	5,132,207
Committed	2,819,905	-	4,834,432	7,654,337
Assigned	-	-	1,559,189	1,559,189
Unassigned	(17,981)	382,840	-	364,859
Total Fund Balances	<u>15,965,854</u>	<u>382,840</u>	<u>8,157,851</u>	<u>24,506,545</u>
Total Liabilities and Fund Balances	<u>\$ 16,833,852</u>	<u>\$ 382,840</u>	<u>\$ 8,277,983</u>	<u>\$ 25,494,675</u>

CITY OF DAVIS, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total Non-Major Governmental Funds
REVENUES				
Taxes	\$ 2,380,147	\$ -	\$ -	\$ 2,380,147
Use of money and property	87,675	911	22,398	110,984
Intergovernmental	5,310,687	-	202,972	5,513,659
Charges for current services	2,237,562	-	441,946	2,679,508
Development fees	317,347	-	-	317,347
Other	13,204	-	-	13,204
Total Revenues	10,346,622	911	667,316	11,014,849
EXPENDITURES				
Current:				
General government:				
City manager	569,054	-	-	569,054
Administrative services	262,481	-	-	262,481
Community development	1,180	-	-	1,180
Public works	1,519,175	-	-	1,519,175
Special projects	1,581,603	-	-	1,581,603
Parks and recreation:				
Parks and community services	1,422,431	-	-	1,422,431
Public safety:				
Fire	1,306,970	-	-	1,306,970
Police	1,377,714	-	-	1,377,714
Capital outlay	111,860	-	815,716	927,576
Total Expenditures	8,152,468	-	815,716	8,968,184
Excess (Deficiency) of Revenue Over (Under) Expenditures	2,194,154	911	(148,400)	2,046,665
OTHER FINANCING SOURCES (USES)				
Transfers in	149,565	-	-	149,565
Transfers out	(321,807)	-	(433,043)	(754,850)
Total Other Financing Sources (Uses)	(172,242)	-	(433,043)	(605,285)
Net Change in Fund Balances	2,021,912	911	(581,443)	1,441,380
Fund Balances at Beginning of Year	13,943,942	381,929	8,739,294	23,065,165
Fund Balances at End of Year	\$ 15,965,854	\$ 382,840	\$ 8,157,851	\$ 24,506,545

NON-MAJOR SPECIAL REVENUE 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.

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 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.

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.

NON-MAJOR SPECIAL REVENUE FUNDS

Parking

This fund accounts for revenues and expenditures related to maintenance and operation of a paid parking lot for which the fund balance has been committed to acquire and or develop off-street parking and related facilities.

Federal/State Highway Grants

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

Community Development Block Grant

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

Operational Grants

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

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.

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.

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET**

FOR THE YEAR ENDED JUNE 30, 2013

	Gas Tax	TDA Non-Transit Use	Park Maintenance Tax	Cable TV	Public Safety
ASSETS					
Cash and investments	\$ 265,377	\$ 96,101	\$ -	\$ 1,458,987	\$ 129,872
Accrued interest	118	174	-	1,318	-
Receivables:					
General accounts	-	-	67,625	143,042	76,136
Grants	131,286	1,002,970	-	33,396	-
Utility accounts	-	-	-	-	216,851
Loans	-	-	-	-	-
Mortgages	-	-	-	-	-
Total Assets	<u>\$ 396,781</u>	<u>\$ 1,099,245</u>	<u>\$ 67,625</u>	<u>\$ 1,636,743</u>	<u>\$ 422,859</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables:					
Accounts	\$ 30,032	\$ 4,236	\$ 588	\$ 86	\$ 112
Wages payable	3,302	-	-	3,398	-
Leave benefits	-	-	-	-	-
Deferred revenue	-	-	-	-	198,231
Due to other funds	-	-	85,018	-	-
Total Liabilities	<u>33,334</u>	<u>4,236</u>	<u>85,606</u>	<u>3,484</u>	<u>198,343</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	363,447	1,095,009	-	517,320	-
Committed	-	-	-	1,115,939	224,516
Unassigned	-	-	(17,981)	-	-
Total Fund Balances	<u>363,447</u>	<u>1,095,009</u>	<u>(17,981)</u>	<u>1,633,259</u>	<u>224,516</u>
Total Liabilities and Fund Balances	<u>\$ 396,781</u>	<u>\$ 1,099,245</u>	<u>\$ 67,625</u>	<u>\$ 1,636,743</u>	<u>\$ 422,859</u>

Municipal Arts	Subdivision In-Lieu Park Fees	In-Lieu of Parking Payments	Parking	Federal/State Highway Grant	Community Development Block Grant	Operational Grants	Economic (ARRA) Stimulus
\$ 81,616 95	\$ 295,607 141	\$ 455,263 410	\$ 213,730 162	\$ 586,168 470	\$ 23,586 2	\$ 869,342 906	\$ - -
-	-	-	-	-	-	-	-
-	-	-	-	-	192,499	303,105	-
-	-	-	-	-	-	-	-
-	-	-	-	-	1,755,324	7,821,037	-
-	-	-	-	-	-	175,985	-
<u>\$ 81,711</u>	<u>\$ 295,748</u>	<u>\$ 455,673</u>	<u>\$ 213,892</u>	<u>\$ 586,638</u>	<u>\$ 1,971,411</u>	<u>\$ 9,170,375</u>	<u>-</u>

\$ 276	-	-	\$ 2,441	-	\$ 67,795	\$ 98,621	-
-	-	-	-	-	3,627	2,854	-
-	-	-	-	-	-	-	-
-	-	-	-	-	127,425	239,948	-
-	-	-	-	-	-	-	-
<u>276</u>	<u>-</u>	<u>-</u>	<u>2,441</u>	<u>-</u>	<u>198,847</u>	<u>341,423</u>	<u>-</u>
-	-	-	-	-	1,755,325	7,997,022	-
-	-	-	-	\$ 586,638	17,239	831,930	-
81,435	\$ 295,748	\$ 455,673	211,451	-	-	-	-
-	-	-	-	-	-	-	-
<u>81,435</u>	<u>295,748</u>	<u>455,673</u>	<u>211,451</u>	<u>586,638</u>	<u>1,772,564</u>	<u>8,828,952</u>	<u>-</u>
<u>\$ 81,711</u>	<u>\$ 295,748</u>	<u>\$ 455,673</u>	<u>\$ 213,892</u>	<u>\$ 586,638</u>	<u>\$ 1,971,411</u>	<u>\$ 9,170,375</u>	<u>\$ -</u>

CITY OF DAVIS

COMBINING BALANCE SHEET, Continued SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2013

	Agriculture Land Acquisition	Davisville Book	Historical Fund	Binley/Hattie Weber	Total Nonmajor Special Revenue Funds
ASSETS					
Cash and investments	\$ 425,673	\$ -	\$ 6,599	\$ 2,421	\$ 4,910,342
Accrued interest	441	8	6	3	4,254
Receivables:					
General accounts	-	-	-	-	286,803
Grants	-	-	-	-	1,663,256
Utility accounts	-	-	-	-	216,851
Loans	-	-	-	-	9,576,361
Mortgages	-	-	-	-	175,985
Total Assets	<u>\$ 426,114</u>	<u>\$ 8</u>	<u>\$ 6,605</u>	<u>\$ 2,424</u>	<u>\$ 16,833,852</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables:					
Accounts	-	\$ 6	-	-	\$ 204,193
Leave benefits	-	2	-	-	13,183
Deferred revenue	-	-	-	-	-
Due to other funds	-	-	-	-	565,604
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,018</u>
Total Liabilities	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>867,998</u>
Fund Balances:					
Nonspendable	-	-	-	-	9,752,347
Restricted	-	-	-	-	3,411,583
Committed	\$ 426,114	-	\$ 6,605	\$ 2,424	2,819,905
Unassigned	-	-	-	-	(17,981)
Total Fund Balances	<u>426,114</u>	<u>-</u>	<u>6,605</u>	<u>2,424</u>	<u>15,965,854</u>
Total Liabilities and Fund Balances	<u>\$ 426,114</u>	<u>\$ 8</u>	<u>\$ 6,605</u>	<u>\$ 2,424</u>	<u>\$ 16,833,852</u>

CITY OF DAVIS, CALIFORNIA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2013

	Gas Tax	TDA Non-Transit Use	Park Maintenance Tax	Cable TV	Public Safety	Municipal Arts
REVENUES						
Taxes	\$ -	\$ -	\$ 1,334,781	\$ 568,634	\$ 476,732	\$ -
Use of money and property	85	632	-	3,246	218	297
Intergovernmental	1,515,311	1,139,885	-	132,802	67,238	-
Charges for current services	-	-	-	-	2,237,465	-
Development fees	-	-	-	-	-	7,680
Other	-	-	-	54	-	6,000
Total Revenues	1,515,396	1,140,517	1,334,781	704,736	2,781,653	13,977
EXPENDITURES						
Current:						
General government:						
City manager	-	-	-	569,054	-	-
Administrative Services	-	-	-	-	230,081	-
Community development	-	-	-	-	-	-
Public works	1,245,670	272,499	-	-	-	-
Special projects	-	-	-	-	-	-
Parks and recreation:						
Parks and community services	-	-	1,328,059	12,655	-	81,717
Public safety:						
Fire	-	-	-	-	1,306,970	-
Police	-	-	-	-	1,361,536	-
Capital outlay	-	-	-	3,600	-	-
Total Expenditures	1,245,670	272,499	1,328,059	585,309	2,898,587	81,717
Excess (Deficiency) of Revenue Over (Under) Expenditures	269,726	868,018	6,722	119,427	(116,934)	(67,740)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balances	269,726	868,018	6,722	119,427	(116,934)	(67,740)
Fund Balances at Beginning of Year	93,721	226,991	(24,703)	1,513,832	341,450	149,175
Fund Balances at End of Year	\$ 363,447	\$ 1,095,009	\$ (17,981)	\$ 1,633,259	\$ 224,516	\$ 81,435

Subdivision In-Lieu Park Fees	In-Lieu of Parking Payments	Parking	Federal/State Highway Grants	Community Development Block Grant	Operational Grants	Economic (ARRA) Stimulus	Agriculture Land Acquisition
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
81	1,027	77,944	1,008	(10)	2,060	-	1,020
-	-	-	39,123	850,782	1,453,450	112,096	-
-	-	-	-	-	-	-	-
309,667	-	-	-	-	-	-	-
-	-	7,150	-	-	-	-	-
309,748	1,027	85,094	40,131	850,772	1,455,510	112,096	1,020
-	-	-	-	-	-	-	-
-	-	8,289	-	-	-	-	-
-	-	-	-	-	-	-	1,180
-	-	-	-	-	-	1,006	-
-	-	-	-	765,870	815,733	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	16,178	-
-	-	19,491	88,769	-	-	-	-
-	-	27,780	88,769	765,870	815,733	17,184	1,180
309,748	1,027	57,314	(48,638)	84,902	639,777	94,912	(160)
-	-	-	149,565	-	-	-	-
-	-	-	-	-	(321,807)	-	-
-	-	-	149,565	-	(321,807)	-	-
309,748	1,027	57,314	100,927	84,902	317,970	94,912	(160)
(14,000)	454,646	154,137	485,711	1,687,662	8,510,982	(94,912)	426,274
\$ 295,748	\$ 455,673	\$ 211,451	\$ 586,638	\$ 1,772,564	\$ 8,828,952	\$ -	\$ 426,114

CITY OF DAVIS, CALIFORNIA

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES, Continued

FOR THE YEAR ENDED JUNE 30, 2013

	Davisville Book	Historical Fund	Brinley/Hattie Weber	Total Non-Major Special Revenue Funds
	\$ -	\$ -	\$ -	\$ 2,380,147
REVENUES	42	15	10	87,675
Taxes	-	-	-	5,310,687
Use of money and property	97	-	-	2,237,562
Intergovernmental	-	-	-	317,347
Charges for current services	-	-	-	13,204
Development fees	139	15	10	10,346,622
Other	-	-	-	-
Total Revenues	-	-	-	-
EXPENDITURES	-	-	-	-
Current:	-	-	-	569,054
General government:	24,111	-	-	262,481
City manager	-	-	-	1,180
Administrative Services	-	-	-	1,519,175
Community development	-	-	-	1,581,603
Public works	-	-	-	-
Special projects	-	-	-	1,422,431
Parks and recreation:	-	-	-	-
Parks and community services	-	-	-	1,306,970
Public safety:	-	-	-	1,377,714
Fire	-	-	-	111,860
Police	-	-	-	-
Capital outlay	24,111	-	-	8,152,468
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenue Over (Under) Expenditures	(23,972)	15	10	2,194,154
OTHER FINANCING SOURCES (USES)	-	-	-	149,565
Transfers in	-	-	-	(321,807)
Transfers out	-	-	-	(172,242)
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	(23,972)	15	10	2,021,912
Fund Balances at Beginning of Year	23,972	6,590	2,414	13,943,942
Fund Balances at End of Year	\$ -	\$ 6,605	\$ 2,424	\$ 15,965,854

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
GAS TAX FUND**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 800.00	\$ 800	\$ 85	\$ (715)
Intergovernmental	1,733,640	1,733,640	1,515,311	(218,329)
Total Revenues	1,734,440	1,734,440	1,515,396	(219,044)
EXPENDITURES:				
Current:				
General government:				
Public works	1,489,594	1,374,092	1,245,670	128,422
Total Expenditures	1,489,594	1,374,092	1,245,670	128,422
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	244,846	360,348	269,726	(90,622)
Fund Balance, Beginning of Year	93,721	93,721	93,721	-
Fund Balance, End of Year	\$ 338,567	\$ 454,069	\$ 363,447	\$ (90,622)

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
TDA NONTRANSIT**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 632	\$ 632
Intergovernmental	510,685	982,970	1,139,885	156,915
Total Revenues	<u>510,685</u>	<u>982,970</u>	<u>1,140,517</u>	<u>157,547</u>
EXPENDITURES:				
Current:				
General government:				
Public works	<u>571,584</u>	<u>558,513</u>	<u>272,499</u>	<u>286,014</u>
Total Expenditures	<u>571,584</u>	<u>558,513</u>	<u>272,499</u>	<u>286,014</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(60,899)	424,457	868,018	443,561
Fund Balance, Beginning of Year	<u>226,991</u>	<u>226,991</u>	<u>226,991</u>	-
Fund Balance, End of Year	<u><u>\$ 166,092</u></u>	<u><u>\$ 651,448</u></u>	<u><u>\$ 1,095,009</u></u>	<u><u>\$ 443,561</u></u>

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
PARK MAINTENANCE TAX**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 1,344,000	\$ 1,344,000	\$ 1,334,781	\$ (9,219)
Total Revenues	1,344,000	1,344,000	1,334,781	(9,219)
EXPENDITURES:				
Current:				
Parks and recreation:				
Parks and community services	1,328,669	1,328,669	1,328,059	610
Total Expenditures	1,328,669	1,328,669	1,328,059	610
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	15,331	15,331	6,722	(8,609)
Fund Balance, Beginning of Year	(24,703)	(24,703)	(24,703)	-
Fund Balance, End of Year	\$ (9,372)	\$ (9,372)	\$ (17,981)	\$ (8,609)

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
CABLE TELEVISION**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 508,900	\$ 508,900	\$ 568,634	\$ 59,734
Use of money and property	4,600	4,600	3,246	(1,354)
Intergovernmental	122,000	122,000	132,802	10,802
Other	200	200	54	(146)
Total Revenues	<u>635,700</u>	<u>635,700</u>	<u>704,736</u>	<u>69,036</u>
EXPENDITURES:				
Current:				
General government:				
City manager	549,472	557,211	569,054	(11,843)
Parks and recreation:				
Parks and community services	21,055	12,655	12,655	-
Capital Outlay	-	19,000	3,600	15,400
Total Expenditures	<u>570,527</u>	<u>588,866</u>	<u>585,309</u>	<u>3,557</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	65,173	46,834	119,427	72,593
Fund Balance, Beginning of Year	<u>1,513,832</u>	<u>1,513,832</u>	<u>1,513,832</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,579,005</u>	<u>\$ 1,560,666</u>	<u>\$ 1,633,259</u>	<u>\$ 72,593</u>

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
PUBLIC SAFETY**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes	\$ 335,784	\$ 335,784	\$ 476,732	\$ 140,948
Use of money and property	1,400.00	1,400	218	(1,182)
Intergovernmental	90,000.00	90,000	67,238	(22,762)
Charges for current services	2,212,955.00	2,212,955	2,237,465	24,510
Total Revenues	2,640,139.00	2,640,139	2,781,653	141,514
EXPENDITURES:				
Current:				
General government:				
Administrative services	66,151	239,672	230,081	9,591
Public safety:				
Fire	1,271,536	1,405,583	1,306,970	98,613
Police	1,361,536	1,361,536	1,361,536	-
Total Expenditures	2,699,223	3,006,791	2,898,587	108,204
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(59,084)	(366,652)	(116,934)	249,718
Fund Balance, Beginning of Year	341,450	341,450	341,450	-
Fund Balance, End of Year	\$ 282,366	\$ (25,202)	\$ 224,516	\$ 249,718

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL ARTS**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 400	\$ 400	\$ 297	\$ (103)
Development fees	-	-	7,680	7,680
Other	-	5,000	6,000	1,000
Total Revenues	400	5,400	13,977	8,577
EXPENDITURES:				
Current:				
Parks and recreation:				
Parks and community services	-	92,287	81,717	10,570
Total Expenditures	-	92,287	81,717	10,570
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	400	(86,887)	(67,740)	19,147
Fund Balance, Beginning of Year	149,175	149,175	149,175	-
Fund Balance, End of Year	\$ 149,575	\$ 62,288	\$ 81,435	\$ 19,147

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
SUBDIVISION IN-LIEU OF PARKING FEES**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 500.00	\$ 500	\$ 81	\$ (419)
Development fees	80,000	80,000	309,667	229,667
Total Revenues	80,500	80,500	309,748	229,248
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	80,500	80,500	309,748	229,248
Fund Balance, Beginning of Year	(14,000)	(14,000)	(14,000)	-
Fund Balance, End of Year	<u>\$ 66,500</u>	<u>\$ 66,500</u>	<u>\$ 295,748</u>	<u>\$ 229,248</u>

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
IN-LIEU OF PARKING PAYMENTS
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Use of money and property	\$ 900	\$ 900	\$ 1,027	\$ 127
Total Revenues	900	900	1,027	127
EXPENDITURES:				
Capital Outlay	-	275,000	-	275,000
Total Expenditures	-	275,000	-	275,000
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	900	(274,100)	1,027	275,127
Fund Balance, Beginning of Year	454,646	454,646	454,646	-
Fund Balance, End of Year	\$ 455,546	\$ 180,546	\$ 455,673	\$ 275,127

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
PARKING
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 35,350.00	\$ 41,900	\$ 77,944	\$ 36,044
Other	-	7,150	7,150	-
Total Revenues	35,350	49,050	85,094	36,044
EXPENDITURES:				
Current:				
Administrative services	-	8,293	8,289	4
Capital Outlay	-	19,500	19,491	9
Total Expenditures	-	27,793	27,780	13
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	35,350	21,257	57,314	36,057
Fund Balance, Beginning of Year	154,137	154,137	154,137	-
Fund Balance, End of Year	\$ 189,487	\$ 175,394	\$ 211,451	\$ 36,057

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
FEDERAL/STATE HIGHWAY GRANTS**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,008	\$ 1,008
Intergovernmental	-	1,036,000	39,123	(996,877)
Total Revenues	-	1,036,000	40,131	(995,869)
EXPENDITURES:				
Current:				
Capital Outlay	-	1,036,264	88,769	947,495
Total Expenditures	-	1,036,264	88,769	947,495
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(264)	(48,638)	(48,374)
OTHER FINANCING (USES)				
Transfers in	-	-	149,565	149,565
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	149,565	149,565
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER USES	-	(264)	100,927	101,191
Fund Balance, Beginning of Year	485,711	485,711	485,711	-
Fund Balance, End of Year	\$ 485,711	\$ 485,447	\$ 586,638	\$ 101,191

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
COMMUNITY DEVELOPMENT BLOCK GRANT**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 300	\$ 300	\$ (10)	\$ (310)
Intergovernmental	745,058	745,139	850,782	105,643
Total Revenues	<u>745,358</u>	<u>745,439</u>	<u>850,772</u>	<u>105,333</u>
EXPENDITURES:				
Current:				
General government:				
Special projects	738,010	1,139,442	765,870	373,572
Total Expenditures	<u>738,010</u>	<u>1,139,442</u>	<u>765,870</u>	<u>373,572</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,348	(394,003)	84,902	478,905
Fund Balance, Beginning of Year	<u>1,687,662</u>	<u>1,687,662</u>	<u>1,687,662</u>	-
Fund Balance, End of Year	<u>\$ 1,695,010</u>	<u>\$ 1,293,659</u>	<u>\$ 1,772,564</u>	<u>\$ 478,905</u>

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
OPERATIONAL GRANTS**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 4,200	\$ 4,200	\$ 2,060	\$ (2,140)
Intergovernmental	588,640	1,319,919	1,453,450	133,531
Total Revenues	592,840	1,324,119	1,455,510	131,391
EXPENDITURES:				
Current:				
General government:				
Special projects	746,410	918,736	815,733	103,003
Total Expenditures	746,410	918,736	815,733	103,003
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(153,570)	405,383	639,777	234,394
OTHER FINANCING (USES)				
Transfers out	-	-	(321,807)	(321,807)
Total Other Financing Sources (Uses)	-	-	(321,807)	(321,807)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(153,570)	405,383	317,970	(87,413)
Fund Balance, Beginning of Year	8,510,982	8,510,982	8,510,982	-
Fund Balance, End of Year	\$ 8,357,412	\$ 8,916,365	\$ 8,828,952	\$ (87,413)

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
ECONOMIC (ARRA) STIMULUS**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ 112,096	\$ 112,096
Total Revenues	-	-	112,096	112,096
EXPENDITURES:				
Current:				
General government:				
Public works	-	18,724	1,006	17,718
Public safety:				
Police	-	15,703	16,178	(475)
Total Expenditures	-	34,427	17,184	17,243
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(34,427)	94,912	129,339
Fund Balance, Beginning of Year	(94,912)	(94,912)	(94,912)	-
Fund Balance, End of Year	\$ (94,912)	\$ (129,339)	\$ -	\$ 129,339

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
AGRICULTURE LAND ACQUISITION**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,000	\$ 1,000	\$ 1,020	\$ 20
Total Revenues	1,000	1,000	1,020	20
EXPENDITURES:				
Current:				
General government:				
Community development	14,179	27,179	1,180	25,999
Total Expenditures	14,179	27,179	1,180	25,999
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,179)	(26,179)	(160)	26,019
Fund Balance, Beginning of Year	426,274	426,274	426,274	-
Fund Balance, End of Year	\$ 413,095	\$ 400,095	\$ 426,114	\$ 26,019

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
DAVISVILLE BOOK**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 50	\$ 50	\$ 42	\$ (8)
Charges for current services	-	-	97	97
Total Revenues	50	50	139	89
EXPENDITURES:				
Current:				
Administrative services	-	24,111	24,111	-
Total Expenditures	-	24,111	24,111	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	50	(24,061)	(23,972)	89
Fund Balance, Beginning of Year	23,972	23,972	23,972	-
Fund Balance, End of Year	<u>\$ 24,022</u>	<u>\$ (89)</u>	<u>\$ -</u>	<u>\$ (89)</u>

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
HISTORICAL FUND**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 10	\$ 10	\$ 15	\$ 5
Total Revenues	10	10	15	5
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	10	10	15	5
Fund Balance, Beginning of Year	6,590	6,590	6,590	-
Fund Balance, End of Year	\$ 6,600	\$ 6,600	\$ 6,605	\$ 5

CITY OF DAVIS, CALIFORNIA

**SPECIAL REVENUE FUNDS
BUDGETARY COMPARISON SCHEDULE
BRINLEY-HATTIE WEBER**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 10	\$ 10
Total Revenues	-	-	10	10
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	10	10
Fund Balance, Beginning of Year	2,414	2,414	2,414	-
Fund Balance, End of Year	<u>\$ 2,414</u>	<u>\$ 2,414</u>	<u>\$ 2,424</u>	<u>\$ 10</u>

NON-MAJOR DEBT SERVICE FUND

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.

Association of Bay Area Governments Certificates of Participation

This fund accounts for debt service expenditures of the Association of Bay Area Governments Certificates of Participation.

CITY OF DAVIS, CALIFORNIA

**DEBT SERVICE FUNDS
COMBINING BALANCE SHEET**

FOR THE YEAR ENDED JUNE 30, 2013

	Association of Bay Area Government COPs	Total Non-Major Debt Service Funds
ASSETS		
Cash and investments	\$ 382,495	\$ 382,495
Accrued interest	345	345
Total Assets	<u>\$ 382,840</u>	<u>\$ 382,840</u>
LIABILITIES AND FUND BALANCES		
Liabilities		
Payables:		
Accounts	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>
Fund Balances:		
Unassigned	<u>382,840</u>	<u>382,840</u>
Total Fund Balances	<u>382,840</u>	<u>382,840</u>
Total Liabilities and Fund Balances	<u>\$ 382,840</u>	<u>\$ 382,840</u>

CITY OF DAVIS, CALIFORNIA

**DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED JUNE 30, 2013

	Association of Bay Area Governments COPs	Total Non-Major Debt Service Funds
REVENUES		
Use of money and property	\$ 911	\$ 911
Total Revenues	911	911
EXPENDITURES		
Debt service:		
Interest and fiscal charges	-	-
Total Expenditures	-	-
Net Change in Fund Balances	911	911
Fund Balances at Beginning of Year	381,929	381,929
Fund Balances at End of Year	\$ 382,840	\$ 382,840

CITY OF DAVIS, CALIFORNIA

**DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
ASSOCIATION OF BAY AREA GOVERNMENT COPs**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 400	\$ 400	\$ 911	\$ 511
Total Revenues	400	400	911	511
EXPENDITURES:				
Debt service:				
Interest and fiscal charges	-	-	-	-
Total Expenditures	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	400	400	911	511
Fund Balance, Beginning of Year	381,929	381,929	381,929	-
Fund Balance, End of Year	\$ 382,329	\$ 382,329	\$ 382,840	\$ 511

NON-MAJOR 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 assigned 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.

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 the Redevelopment Successor Agency, which assumed responsibility as assignee from the City's former Redevelopment Agency.

CITY OF DAVIS, CALIFORNIA

**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2013

	Davis Research Park	Arlington Boulevard Benefit Area	Capital Grants	Davis Land Acquisition
ASSETS				
Cash and investments	\$ 787,714	\$ 376,657	\$ 299,248	\$ 1,557,784
Accrued interest	710	340	397	1,405
Receivables:				
Grants	-	-	107,727	-
Loans	-	-	-	-
Total Assets	<u>\$ 788,424</u>	<u>\$ 376,997</u>	<u>\$ 407,372</u>	<u>\$ 1,559,189</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Payables:				
Accounts	\$ -	\$ -	\$ 54,090	\$ -
Wages payable			727	
Deferred revenue	-	-	65,003	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>119,820</u>	<u>-</u>
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	788,424	376,997	287,552	-
Committed	-	-	-	-
Assigned	-	-	-	1,559,189
Total Fund Balances	<u>788,424</u>	<u>376,997</u>	<u>287,552</u>	<u>1,559,189</u>
Total Liabilities and Fund Balances	<u>\$ 788,424</u>	<u>\$ 376,997</u>	<u>\$ 407,372</u>	<u>\$ 1,559,189</u>

Public Facilities Financing Authority	Oxford Circle Park and Parking Lot	Downtown Area Capital Revitalization	Total Non-Major Capital Projects Funds
\$ 217,946 196	\$ 49,464 45	\$ 4,830,239 4,505	\$ 8,119,052 7,598
-	-	-	107,727
-	-	43,606	43,606
<u>\$ 218,142</u>	<u>\$ 49,509</u>	<u>\$ 4,878,350</u>	<u>\$ 8,277,983</u>

\$ -	\$ -	\$ -	\$ 54,090
		312	1,039
-	-	-	65,003
<u>-</u>	<u>-</u>	<u>312</u>	<u>120,132</u>

-	-	43,606	43,606
218,142	49,509	-	1,720,624
-	-	4,834,432	4,834,432
-	-	-	1,559,189
<u>218,142</u>	<u>49,509</u>	<u>4,878,038</u>	<u>8,157,851</u>
<u>\$ 218,142</u>	<u>\$ 49,509</u>	<u>\$ 4,878,350</u>	<u>\$ 8,277,983</u>

CITY OF DAVIS, CALIFORNIA

CAPITAL PROJECTS FUNDS

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCES**

FOR THE YEAR ENDED JUNE 30, 2013

	Davis Research Park	Arlington Boulevard Benefit Area	Capital Grants	Davis Land Acquisition
REVENUES				
Use of money and property	\$ 1,777	\$ 850	\$ 1,030	\$ 3,515
Intergovernmental	-	-	197,972	-
Other	-	-	441,946	-
Total Revenues	<u>1,777</u>	<u>850</u>	<u>640,948</u>	<u>3,515</u>
EXPENDITURES				
Capital outlay	-	-	353,899	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>353,899</u>	<u>-</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>1,777</u>	<u>850</u>	<u>287,049</u>	<u>3,515</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(433,043)	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(433,043)</u>	<u>-</u>
Net Change in Fund Balances	1,777	850	(145,994)	3,515
Fund Balances at Beginning of Year	<u>786,647</u>	<u>376,147</u>	<u>433,546</u>	<u>1,555,674</u>
Fund Balances at End of Year	<u>\$ 788,424</u>	<u>\$ 376,997</u>	<u>\$ 287,552</u>	<u>\$ 1,559,189</u>

Public Facilities Financing Authority	Oxford Circle Park and Parking Lot	Downtown Area Capital Revitalization	Total Non-Major Capital Projects Funds
\$ 492	\$ 112	\$ 14,622	\$ 22,398
-	-	5,000	202,972
-	-	-	441,946
492	112	19,622	667,316
-	-	461,817	815,716
-	-	461,817	815,716
492	112	(442,195)	(148,400)
-	-	-	-
-	-	-	(433,043)
-	-	-	(433,043)
492	112	(442,195)	(581,443)
217,650	49,397	5,320,233	8,739,294
\$ 218,142	\$ 49,509	\$ 4,878,038	\$ 8,157,851

CITY OF DAVIS, CALIFORNIA

**CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
DAVIS RESEARCH PARK**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 1,600	\$ 1,600	\$ 1,777	\$ 177
Total Revenues	1,600	1,600	1,777	177
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,600	1,600	1,777	177
Fund Balance, Beginning of Year	786,647	786,647	786,647	-
Fund Balance, End of Year	\$ 788,247	\$ 788,247	\$ 788,424	\$ 177

CITY OF DAVIS, CALIFORNIA

**CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
ARLINGTON PARK BENEFIT AREA**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 800	\$ 800	\$ 850	\$ 50
Total Revenues	800.00	800	850	50
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	800	800	850	50
Fund Balance, Beginning of Year	376,147	376,147	376,147	-
Fund Balance, End of Year	<u>\$ 376,947</u>	<u>\$ 376,947</u>	<u>\$ 376,997</u>	<u>\$ 50</u>

CITY OF DAVIS, CALIFORNIA

**CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
CAPITAL GRANTS**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 6,200	\$ 6,200	\$ 1,030	\$ (5,170)
Intergovernmental	-	3,044,895	197,972	(2,846,923)
Other	-	-	441,946	441,946
Total Revenues	6,200	3,051,095	640,948	(2,410,147)
EXPENDITURES:				
Capital Outlay	-	3,000,494	353,899	2,646,595
Total Expenditures	-	3,000,494	353,899	2,646,595
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,200	50,601	287,049	236,448
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(433,043)	(433,043)
Total Other Financing Sources (Uses)	-	-	(433,043)	(433,043)
EXCESS OF REVENUES OVER EXPENDITURES	6,200	50,601	(145,994)	(196,595)
Fund Balance, Beginning of Year	433,546	433,546	433,546	-
Fund Balance, End of Year	\$ 439,746	\$ 484,147	\$ 287,552	\$ (196,595)

CITY OF DAVIS, CALIFORNIA

**CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
DAVIS LAND ACQUISITION**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 3,300	\$ 3,300	\$ 3,515	\$ 215
Total Revenues	3,300	3,300	3,515	215
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,300	3,300	3,515	215
Fund Balance, Beginning of Year	1,555,674	1,555,674	1,555,674	-
Fund Balance, End of Year	\$ 1,558,974	\$ 1,558,974	\$ 1,559,189	\$ 215

CITY OF DAVIS, CALIFORNIA

**CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
PUBLIC FACILITIES FINANCING AUTHORITY**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 500	\$ 500	\$ 492	\$ (8)
Total Revenues	500.00	500	492	(8)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	500	500	492	(8)
Fund Balance, Beginning of Year	217,650	217,650	217,650	-
Fund Balance, End of Year	<u>\$ 218,150</u>	<u>\$ 218,150</u>	<u>\$ 218,142</u>	<u>\$ (8)</u>

CITY OF DAVIS, CALIFORNIA

**CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
OXFORD CIRCLE PARK AND PARKING LOT**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 100	\$ 100	\$ 112	\$ 12
Total Revenues	100	100	112	12
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	100	100	112	12
Fund Balance, Beginning of Year	49,397	49,397	49,397	-
Fund Balance, End of Year	\$ 49,497	\$ 49,497	\$ 49,509	\$ 12

CITY OF DAVIS, CALIFORNIA

**CAPITAL PROJECTS FUND
BUDGETARY COMPARISON SCHEDULE
DOWNTOWN AREA CAPITAL REVITALIZATION**

FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 10,000	\$ 10,000	\$ 14,622	\$ 4,622
Intergovernmental	-	-	5,000	5,000
Total Revenues	10,000	10,000	19,622	9,622
EXPENDITURES:				
Capital outlay	15,556	1,144,301	461,817	682,484
Total Expenditures	15,556	1,144,301	461,817	682,484
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,556)	(1,134,301)	(442,195)	692,106
Fund Balance, Beginning of Year	5,320,233	5,320,233	5,320,233	-
Fund Balance, End of Year	\$ 5,314,677	\$ 4,185,932	\$ 4,878,038	\$ 692,106

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, CALIFORNIA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION**

JUNE 30, 2013

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total Internal Service Funds
ASSETS					
Current Assets:					
Cash and investments	\$ 14,393,916	\$ 303,676	\$ 540,333	\$ -	\$ 15,237,925
Accrued interest	12,921	215	1,531	-	14,667
Accounts receivable	30,827	-	26,404	-	57,231
Inventory	359,973	-	-	-	359,973
Prepaid Items	-	-	77,261	-	77,261
Total Current Assets	14,797,637	303,891	645,529	-	15,747,057
Noncurrent Assets:					
Advances to other funds	1,140,530	-	-	-	1,140,530
Capital assets:					
Non-depreciable	161,078	-	-	-	161,078
Depreciable	11,434,425	237,538	-	-	11,671,963
Accumulated depreciation	(7,224,898)	(396)	-	-	(7,225,294)
Total Noncurrent Assets	5,511,135	237,142	-	-	5,748,277
Total Assets	20,308,772	541,033	645,529	-	21,495,334
LIABILITIES					
Current Liabilities:					
Accounts payable	140,338	29,314	150,999	15,599	336,250
Wages payable	37,266	7,707	10,304	383,971	439,248
Leave benefits	114,202	13,574	-	11,120	138,896
Unearned Revenue	4,473	-	-	-	4,473
Due to other funds	-	-	-	2,635,494	2,635,494
Claims payable	-	-	153,781	-	153,781
Total Current Liabilities	296,279	50,595	315,084	3,046,184	3,708,142
Noncurrent Liabilities:					
Claims payable	-	-	315,924	-	315,924
Total Noncurrent Liabilities	-	-	315,924	-	315,924
Total Liabilities	296,279	50,595	631,008	3,046,184	4,024,066
NET POSITION					
Net investment in capital assets	5,511,135	237,142	-	-	5,748,277
Unrestricted	14,501,358	253,296	14,521	(3,046,184)	11,722,991
Total Net Position	\$ 20,012,493	\$ 490,438	\$ 14,521	\$ (3,046,184)	\$ 17,471,268

CITY OF DAVIS, CALIFORNIA

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION**

FOR THE YEAR ENDED JUNE 30, 2013

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total Internal Service Funds
OPERATING REVENUES					
Charges for current services	\$ 6,044,860	\$ 1,523,647	\$ 11,087,698	\$ 3,387,684	\$ 22,043,889
Total Operating Revenues	<u>6,044,860</u>	<u>1,523,647</u>	<u>11,087,698</u>	<u>3,387,684</u>	<u>22,043,889</u>
OPERATING EXPENSES					
Central stores	278,786	-	-	-	278,786
Central equipment	1,977,837	-	-	-	1,977,837
Duplication - postal	176,505	-	-	-	176,505
City administrative facility maintenance	408,029	38,738	33,601	-	480,368
City electrical maintenance	-	1,180,169	-	-	1,180,169
Insurance administration	-	-	510,960	-	510,960
Insurance premiums	-	-	10,533,108	-	10,533,108
Litigation	-	-	68,743	-	68,743
MIS services	2,196,596	-	-	-	2,196,596
Depreciation	828,496	396	-	-	828,892
Leave benefits paid	-	-	-	3,530,072	3,530,072
Total Operating Expenses	<u>5,866,249</u>	<u>1,219,303</u>	<u>11,146,412</u>	<u>3,530,072</u>	<u>21,762,036</u>
Operating Income (Loss)	<u>178,611</u>	<u>304,344</u>	<u>(58,714)</u>	<u>(142,388)</u>	<u>281,853</u>
NON-OPERATING REVENUES (EXPENSES)					
Interest income	35,955	707	3,753	-	40,415
Other	372,667	-	19,873	-	392,540
Total Non-Operating Revenues (Expenses)	<u>408,622</u>	<u>707</u>	<u>23,626</u>	<u>-</u>	<u>432,955</u>
Change in Net Position	587,233	305,051	(35,088)	(142,388)	714,808
Net Position at Beginning of Year	<u>19,425,260</u>	<u>185,387</u>	<u>49,609</u>	<u>(2,903,796)</u>	<u>16,756,460</u>
Net Position at End of Year	<u>\$ 20,012,493</u>	<u>\$ 490,438</u>	<u>\$ 14,521</u>	<u>\$ (3,046,184)</u>	<u>\$ 17,471,268</u>

CITY OF DAVIS, CALIFORNIA

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOW

FOR THE YEAR ENDED JUNE 30, 2013

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 6,040,695	\$ 1,523,647	\$ 11,089,107	\$ 3,491,564	\$ 22,145,013
Payments to suppliers	(3,092,082)	(558,350)	(11,429,977)	15,599	(15,064,810)
Payments to employees	(1,826,755)	(669,840)	(272,735)	(3,134,981)	(5,904,311)
Claims paid	-	-	(212,593)	-	(212,593)
Other revenue (expenses)	372,667	-	19,873	-	392,540
Cash Flows provided by (used for) Operating Activities	1,494,525	295,457	(806,325)	372,182	1,355,839
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES					
Interfund receipts (payments)	-	-	-	(372,182)	(372,182)
Advances from other funds (Advances to other funds)	111,394	-	-	-	111,394
Cash Flows provided by (used for) Noncapital Financing Activities	111,394	-	-	(372,182)	(260,788)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Sales (acquisition) of capital assets	(218,388)	(237,538)	-	-	(455,926)
Cash Flows (used for) Capital and Related Financing Activities	(218,388)	(237,538)	-	-	(455,926)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	36,930	1,598	2,530	-	41,058
Cash Flows provided by Investing Activities	36,930	1,598	2,530	-	41,058
Net Cash Flows	1,424,461	59,517	(803,795)	-	680,183
Cash and Cash Equivalents at Beginning of Year	12,969,455	244,159	1,344,128	-	14,557,742
Cash and Cash Equivalents at End of Year	\$ 14,393,916	\$ 303,676	\$ 540,333	\$ -	\$ 15,237,925
Reconciliation of operating income (loss) to cash flows from operating activities:					
Operating income (loss):	\$ 178,611	\$ 304,344	\$ (58,714)	\$ (142,388)	\$ 281,853
Litigation settlement and other					
Adjustments to reconcile operating income to cash flows					
from operating activities:					
Depreciation	828,496	396	-	-	828,892
Other revenues	372,667	-	19,873	-	392,540
Change in assets and liabilities:					
(Increase) decrease in:					
Accounts receivable	(8,638)	-	1,409	103,880	96,651
Inventory	6,378	-	(77,261)	-	(70,883)
Increase (decrease) in:					
Accounts payable	94,433	(13,152)	(639,337)	399,570	(158,486)
Leave benefits payable	18,105	3,869	-	11,120	33,094
Claims payable	-	-	(52,295)	-	(52,295)
Deferred revenue	4,473	-	-	-	4,473
Net Cash Provided By Operating Activities	\$ 1,494,525	\$ 295,457	\$ (806,325)	\$ 372,182	\$ 1,355,839

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:

Public Facilities Financing Authority

This fund accounts for assessments collected from property owners for a series of Community Facilities Districts under the State Mello-Roos Act and the repayment of certain debt issued through the financing authority for the construction of infrastructure and improvements.

Mello Roos Community Facilities District

This fund accounts for assessments collected from property owners in the Mello Roos Community Facilities District and the repayment of underlying debt issued by this district.

University Research Park

This fund accounts for assessments collected from property owners in the University Research Park Improvement District and the repayment of underlying debt issued by this district.

Special Assessment Parking District #3

This fund accounts for assessments collected from property owners in the Special Assessment Parking District #3 and the repayment of underlying debt issued by this district.

Woodland-Davis Clean Water Agency

This fund accounts for the Woodland-Davis Clean Water Agency joint powers authority formed between the City of Davis and the City of Woodland for the joint construction and ownership of the Woodland-Davis Water Supply Capital Improvement Project.

CITY OF DAVIS, CALIFORNIA

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

JUNE 30, 2013

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013
Public Facilities Financing Authority				
Assets:				
Cash and investments	\$ 3,827,213	\$ 31,109	\$ -	\$ 3,858,322
Cash with fiscal agents	995,924	-	(1,723)	994,201
Accrued interest receivable	4,001	-	(847)	3,154
Accounts receivable	-	30,090	-	30,090
Total Assets	<u>\$ 4,827,138</u>	<u>\$ 61,199</u>	<u>\$ (2,570)</u>	<u>\$ 4,885,767</u>
Liabilities:				
Agency funds held for others	4,827,138	61,199	(2,570)	4,885,767
Total Liabilities	<u>\$ 4,827,138</u>	<u>\$ 61,199</u>	<u>\$ (2,570)</u>	<u>\$ 4,885,767</u>
Mello Roos Community Facilities District				
Assets:				
Cash and investments	\$ 2,349,859	\$ -	\$ (167,812)	\$ 2,182,047
Cash with fiscal agents	371,648	-	(2,969)	368,679
Accrued interest receivable	2,096	-	(546)	1,550
Accounts receivable	-	70,976	-	70,976
Total Assets	<u>\$ 2,723,603</u>	<u>\$ 70,976</u>	<u>\$ (171,327)</u>	<u>\$ 2,623,252</u>
Liabilities:				
Agency funds held for others	2,723,603	70,976	(171,327)	2,623,252
Total Liabilities	<u>\$ 2,723,603</u>	<u>\$ 70,976</u>	<u>\$ (171,327)</u>	<u>\$ 2,623,252</u>
University Research Park				
Assets:				
Cash and investments	\$ 400,104	\$ 1,403	\$ -	\$ 401,507
Accrued interest receivable	376	-	(77)	299
Accounts receivable	-	9,318	-	9,318
Total Assets	<u>\$ 400,480</u>	<u>\$ 10,721</u>	<u>\$ (77)</u>	<u>\$ 411,124</u>
Liabilities:				
Agency funds held for others	\$ 400,480	\$ 10,721	\$ (77)	\$ 411,124
Total Liabilities	<u>\$ 400,480</u>	<u>\$ 10,721</u>	<u>\$ (77)</u>	<u>\$ 411,124</u>

CITY OF DAVIS, CALIFORNIA

AGENCY FUNDS

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES, (Continued)

JUNE 30, 2013

	Balance June 30, 2012	Additions	Reductions	Balance June 30, 2013
Special Assessment Parking District #3				
Assets:				
Cash and investments	\$ 131,704	\$ 332	\$ -	\$ 132,036
Accrued interest receivable	153	-	(34)	119
Total Assets	<u>\$ 131,857</u>	<u>\$ 332</u>	<u>\$ (34)</u>	<u>\$ 132,155</u>
Liabilities:				
Agency funds held for others	\$ 131,857	\$ 332	\$ (34)	\$ 132,155
Total Liabilities	<u>\$ 131,857</u>	<u>\$ 332</u>	<u>\$ (34)</u>	<u>\$ 132,155</u>
Woodland-Davis Clean Water Agency JPA				
Assets:				
Cash and investments	\$ 2,218,063	\$ 2,574,823	\$ -	\$ 4,792,886
Accrued interest receivable	-	4,439	-	4,439
Accounts receivable	802,500	381,302	-	1,183,802
Total Assets	<u>\$ 3,020,563</u>	<u>\$ 2,960,564</u>	<u>\$ -</u>	<u>\$ 5,981,127</u>
Liabilities:				
Accounts payable	\$ 1,937,442	\$ -	\$ (997,886)	\$ 939,556
Agency funds held for others	1,083,121	2,960,564	997,886	5,041,571
Total Liabilities	<u>\$ 3,020,563</u>	<u>\$ 2,960,564</u>	<u>\$ -</u>	<u>\$ 5,981,127</u>
Total Agency Funds				
Assets:				
Cash and investments	\$ 8,926,943	\$ 2,607,667	\$ (167,812)	\$ 11,366,798
Cash with fiscal agents	1,367,572	-	(4,692)	1,362,880
Accrued interest receivable	6,626	4,439	(1,504)	9,561
Accounts receivable	802,500	491,686	-	1,294,186
Total Assets	<u>\$ 11,103,641</u>	<u>\$ 3,103,792</u>	<u>\$ (174,008)</u>	<u>\$ 14,033,425</u>
Liabilities:				
Accounts payable	\$ 1,937,442	\$ -	\$ (997,886)	\$ 939,556
Agency funds held for others	9,166,199	3,103,792	823,878	13,093,869
Total Liabilities	<u>\$ 11,103,641</u>	<u>\$ 3,103,792</u>	<u>\$ (174,008)</u>	<u>\$ 14,033,425</u>

STATISTICAL SECTION

City of Davis

Statistical Section

This section 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.

Financial Trends 141-145

These schedules contain trend information to help the reader understand how the City's financial performance and fiscal health has changed over time.

Revenue Capacity 146-148

These schedules contain information to help the reader assess the City's most significant revenue sources.

Debt Capacity 149-151

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

Economic and Demographic Information 152-153

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

Operating Information 154-156

These schedules offer 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.

CITY OF DAVIS
NET POSITION BY COMPONENT (UNAUDITED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net investment in capital assets	\$1,941,360,614	\$1,872,781,202	\$1,794,829,805	\$274,639,149	\$268,196,258	\$252,723,158	\$230,339,089	\$219,145,446	\$250,695,740	\$247,797,970
Restricted	31,157,599	28,394,469	62,362,455	77,157,422	82,394,483	90,708,023	87,064,955	95,845,260	66,227,858	67,365,068
Unrestricted	53,089,644	50,347,342	24,637,626	11,068,382	7,754,642	2,784,364	11,656,610	(8,572,349)	13,515,454	15,540,261
Total governmental activities net position	<u>\$2,025,607,857</u>	<u>\$1,951,523,013</u>	<u>\$1,881,829,886</u>	<u>\$362,864,953</u>	<u>\$358,345,383</u>	<u>\$346,215,545</u>	<u>\$329,060,654</u>	<u>\$306,418,357</u>	<u>\$330,439,052</u>	<u>\$330,703,299</u>
Business-type activities										
Net investment in capital assets	\$58,702,409	\$60,969,494	\$67,057,515	\$223,527,504	\$221,228,535	\$224,029,039	\$228,167,880	\$223,254,657	\$222,630,293	\$222,668,422
Restricted	106,216	85,847	85,847	85,847				69,850		
Unrestricted	18,667,746	19,158,757	14,934,763	23,426,544	29,101,435	31,689,545	28,963,136	37,774,437	44,957,358	50,530,091
Total business-type activities net position	<u>\$77,476,371</u>	<u>\$80,214,098</u>	<u>\$82,078,125</u>	<u>\$247,039,895</u>	<u>\$250,329,970</u>	<u>\$255,718,584</u>	<u>\$257,131,016</u>	<u>\$261,098,944</u>	<u>\$267,587,651</u>	<u>\$273,198,513</u>
Primary government										
Net investment in capital assets	\$2,000,063,023	\$1,933,750,696	\$1,861,887,320	\$498,166,653	\$489,424,793	\$476,752,197	\$458,506,969	\$442,400,103	\$473,326,033	\$470,466,392
Restricted	31,263,815	28,480,316	62,448,302	77,243,269	82,394,483	90,708,023	87,064,955	95,915,110	66,227,858	67,365,068
Unrestricted	71,757,390	69,506,099	39,572,389	34,494,926	36,856,077	344,973,909	40,619,746	29,202,088	58,472,812	66,070,352
Total primary government net position	<u>\$2,103,084,228</u>	<u>\$2,031,737,111</u>	<u>\$1,963,908,011</u>	<u>\$609,904,848</u>	<u>\$608,675,353</u>	<u>\$912,434,129</u>	<u>\$586,191,670</u>	<u>\$567,517,301</u>	<u>\$598,026,703</u>	<u>\$603,901,812</u>

Notes:

Accounting standards require that governments report net position for the last ten years, showing the three components of the Statement of Net Position: net investment in capital assets; restricted; and unrestricted.

Source:

City of Davis Comprehensive Annual Financial Report

CITY OF DAVIS
CHANGES IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
City Council	\$131,539	\$124,131	\$139,419	\$104,250	\$113,670	\$165,297	\$120,068	\$174,137	\$171,419	\$159,950
City Attorney	374,657	326,401	406,647	417,718	383,943	362,152	331,121	307,893	347,920	256,183
Ciy Manager	1,657,979	1,820,048	1,892,626	2,187,416	2,305,569	2,247,736	2,157,842	2,464,895	2,655,486	2,479,529
Finance/ Administrative Services	1,407,775	1,287,739	1,709,045	1,932,653	2,157,409	2,305,333	2,113,284	2,206,587	2,007,813	2,928,562
Public Safety	17,309,890	20,723,420	19,574,310	22,754,582	24,805,660	26,156,968	27,772,647	25,224,672	24,116,311	25,379,748
Public Works	90,309,525	92,673,791	92,661,922	20,387,984	21,430,517	23,333,235	27,364,557	28,375,753	11,729,258	11,017,979
Community Development	2,881,783	3,583,231	3,562,456	3,590,336	3,834,291	3,719,243	2,998,509	3,307,303	3,145,307	3,720,192
Parks and Community Services	18,094,869	18,685,011	18,554,243	25,640,697	28,899,628	30,071,359	27,268,525	21,141,859	19,844,557	18,631,071
Interest on Long Term Debt	1,903,353	1,246,150	1,276,405	2,814,189	518,674	1,391,009	1,429,321	2,798,312	1,612,400	
Total Governmental Activities Expenses	134,071,370	140,469,922	139,777,073	79,829,825	84,449,361	89,752,332	91,555,874	86,001,411	65,630,471	64,573,214
Business-Type Activities:										
Water	6,272,414	6,670,915	6,657,576	8,713,651	9,393,349	9,236,481	10,266,380	9,946,088	9,918,275	10,068,660
Sanitation	7,565,779	7,680,397	7,906,456	8,292,311	8,657,912	8,777,295	8,986,002	9,169,294	9,312,527	9,627,387
Sewer	5,135,805	6,446,797	7,249,341	7,756,636	8,543,712	8,803,769	8,727,978	8,247,337	8,554,364	8,230,219
Storm Sewer	1,454,896	1,704,263	1,827,081	3,058,338	3,145,490	2,832,790	2,947,887	3,868,242	3,529,576	3,733,250
Public transit	6,609,123	3,195,770	4,512,019	3,388,419	5,875,783	7,718,465	11,787,091	4,306,554	4,183,327	4,254,687
Total Business-Type Activities Expenses	27,038,017	25,698,142	28,152,473	31,209,355	35,616,246	37,368,800	42,715,338	35,537,515	35,498,069	35,914,203
Total Primary Government Expenses	\$161,109,387	\$166,168,064	\$167,929,546	\$111,039,180	\$120,065,607	\$127,121,132	\$134,271,212	\$121,538,926	\$101,128,540	\$100,487,417
Program Revenues										
Governmental Activities:										
Charges for Services:										
City Council									\$100,942	\$70,706
City Attorney				\$15,894.0	\$14,021	\$13,997	\$44,730	\$15,109	208,453	125,140
Ciy Manager	\$10	\$8,871	\$51,521	5,777	7,883	59,746	59,294	6,312	1,174,427	1,040,984
Finance/ Administrative Services	1,010,869	1,017,512	983,571	1,264,306	1,686,126	2,335,059	2,399,082	2,593,006	1,331,101	2,010,666
Public Safety	3,005,892	2,264,993	1,964,664	2,192,385	2,438,460	2,104,655	2,095,245	2,169,650	2,173,112	2,002,577
Public Works	442,050	165,807	191,953	194,982	548,021	360,110	334,326	333,556	376,451	1,274,263
Community Development	2,456,030	3,246,174	2,590,696	2,132,203	2,204,448	2,009,982	1,780,545	2,378,826	2,675,128	2,897,864
Parks and Community Services	2,113,853	2,135,708	2,255,983	2,546,902	2,594,141	2,743,358	2,733,651	2,740,804	3,123,734	3,132,569
Operating Grants and Contributions	12,527,085	14,240,090	14,423,942	19,531,035	18,585,069	22,869,051	17,535,502	15,277,248	13,784,334	12,304,697
Development impact fees and permits	1,815,385	5,370,574	1,515,806	1,951,891	5,711,509	1,028,625	796,061	655,983		
Capital Grants and Contributions									3,800,498	3,575,866
Total Government Activities Program Revenues	23,371,174	28,449,729	23,978,136	29,835,375	33,789,678	33,524,583	27,778,436	26,170,494	28,748,180	28,435,332
Business-Type Activities:										
Charges for Services:										
Water	6,308,856	5,781,440	6,275,459	8,106,267	9,018,403	9,545,841	9,896,995	10,131,953	10,479,767	11,310,371
Sanitation	7,544,575	7,481,207	8,069,352	8,398,749	8,592,544	8,821,374	8,967,949	8,975,404	9,134,378	9,454,530
Sewer	7,048,496	7,836,303	9,145,774	11,191,703	11,919,343	13,502,462	12,751,768	12,613,144	13,120,690	14,103,581
Storm Sewer	1,234,991	1,295,695	1,451,252	1,486,683	1,567,009	1,506,083	1,519,490	1,561,457	1,605,903	1,662,303
Public transit	16,090	15,685	16,043	24,855	28,110	32,644	36,354	32,585	30,012	31,105
Operating Grants and Contributions	7,276,079	3,275,727	3,958,332	3,596,649	5,891,383	7,374,894	11,750,908	3,998,505	4,103,691	4,328,525
Capital Grants and Contributions		961,984	509,050	1,011,650	238,444	864,944			1,205,085	
Total Business-Type Activities Program Revenue	29,429,087	26,648,041	29,425,262	33,816,556	37,255,236	41,648,242	44,923,464	37,313,048	39,679,526	40,890,415
Total Primary Government Program Revenues	\$52,800,261	\$55,097,770	\$53,403,398	\$63,651,931	\$71,044,914	\$75,172,825	\$72,701,900	\$63,483,542	\$68,427,706	\$69,325,747
Net (Expense)/Revenue										
Governmental Activities	(\$110,700,196)	(\$112,020,193)	(\$115,798,937)	(\$49,994,450)	(\$50,659,683)	(\$56,227,749)	(\$63,777,438)	(\$59,830,917)	(\$36,882,291)	(\$36,137,882)
Business-Type Activities	2,391,070	949,899	1,272,789	2,607,204	1,638,990	4,279,442	2,208,126	1,775,533	4,181,457	4,976,212
Total Primary Government Net Expense	(\$108,309,126)	(\$111,070,294)	(\$114,526,148)	(\$47,387,249)	(\$49,020,693)	(\$51,948,307)	(\$61,569,312)	(\$58,055,384)	(\$32,700,834)	(\$31,161,670)

CITY OF DAVIS
CHANGES IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)

(continued)	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$13,717,077	\$14,150,857	\$17,016,586	\$18,437,026	\$19,717,475	\$19,909,233	\$20,322,775	\$20,462,811	\$10,070,329	\$10,741,612
Sales Taxes	5,434,627	8,052,765	8,988,381	8,834,409	9,117,999	7,733,047	8,418,817	7,894,939	8,279,385	10,267,444
Municipal Services	1,853,167	1,921,115	2,001,032	2,076,696	2,165,883	2,239,758	4,336,510	2,417,072	2,492,849	2,578,655
Business License	1,075,340	1,139,725	1,179,106	1,258,072	1,283,451	1,351,827	1,492,242	1,466,725	1,556,797	1,470,124
Park Maintenance	1,292,315	1,312,782	1,315,708	1,315,081	1,337,888	1,341,289	1,344,782	1,329,056	1,334,629	1,334,782
Construction	852,777	847,051	787,699	371,489	856,186	237,777	208,859	342,590	925,461	905,411
Open Space Protection	615,616	625,694	627,096	627,345	637,786	640,287	641,221	634,857	637,161	636,293
Franchise	849,649	876,117	877,670	1,003,229	1,022,880	1,066,032	1,034,530	1,067,657	1,089,210	1,119,918
Transient Occupancy Tax	981,074	928,090	940,886	1,056,691	1,120,983	1,031,031	912,456	958,434	925,477	1,436,067
Transfer Taxes	270,800	334,523	257,580	236,092	(214,596)					194,326
Other Taxes		309,593								
Motor Vehicle In-Lieu	3,509,788	4,316,129	4,618,842	4,723,196	4,888,366	4,961,873	5,054,571	5,213,376	4,879,324	4,979,748
Investment Earnings	852,878	2,045,947	1,295,101	3,542,701	3,313,964	1,895,335	558,490	236,141	281,322	301,030
Miscellaneous	964,693	1,074,961	2,791,561	1,452,218	719,943	1,568,513	542,805	2,495,652	554,551	436,719
Special Item: Transfer of loan from Successor Agency									1,684,904	
Extraordinary Gain: RDA Dissolution									24,083,029	
Total Government Activities	<u>32,269,801</u>	<u>37,935,349</u>	<u>42,697,248</u>	<u>44,934,245</u>	<u>45,968,208</u>	<u>43,976,002</u>	<u>44,868,058</u>	<u>44,519,310</u>	<u>58,794,428</u>	<u>36,402,129</u>
Business-Type Activities:										
Interest Earnings	116,518	480,419	404,646	1,128,852	1,301,203	814,923	318,724	298,741	174,215	110,170
Miscellaneous	34,301	1,307,409	449,358	326,244	135,286	294,249	131,317	336,868	298,808	524,480
Total Business-Type Activities	<u>150,819</u>	<u>1,787,828</u>	<u>854,004</u>	<u>1,455,096</u>	<u>1,436,489</u>	<u>1,109,172</u>	<u>450,041</u>	<u>635,609</u>	<u>473,023</u>	<u>634,650</u>
Total Primary Government	<u><u>\$32,420,620</u></u>	<u><u>\$39,723,177</u></u>	<u><u>\$43,551,252</u></u>	<u><u>\$46,389,341</u></u>	<u><u>\$47,404,697</u></u>	<u><u>\$45,085,174</u></u>	<u><u>\$45,318,099</u></u>	<u><u>\$45,154,919</u></u>	<u><u>\$59,267,451</u></u>	<u><u>\$37,036,779</u></u>
Change in Net Position										
Governmental Activities	(\$78,430,395)	(\$74,084,844)	(\$73,101,689)	(\$5,060,205)	(\$4,691,475)	(\$12,251,747)	(\$18,909,380)	(\$15,311,607)	\$21,912,137	\$264,247
Business-Type Activities	2,541,889	2,737,727	2,126,793	4,062,297	3,075,479	5,388,614	2,658,167	2,411,142	4,654,480	5,610,862
Total Primary Government	<u><u>(\$75,888,506)</u></u>	<u><u>(\$71,347,117)</u></u>	<u><u>(\$70,974,896)</u></u>	<u><u>(\$997,908)</u></u>	<u><u>(\$1,615,996)</u></u>	<u><u>(\$6,863,133)</u></u>	<u><u>(\$16,251,213)</u></u>	<u><u>(\$12,900,465)</u></u>	<u><u>\$26,566,617</u></u>	<u><u>\$5,875,109</u></u>

(a) Net position of the governmental activities and business-type activities as of June 30, 2011 were restated in fiscal year 2012 to adopt the correction of errors. Prior year revenues and expenses presented in this schedule have not been reinstated
Refer to Note 2 in the notes to the financial statements fiscal year ended June 2012

Source: City of Davis Comprehensive Annual Financial Report

CITY OF DAVIS
FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund										
Reserved	\$2,786,293	\$3,210,614	\$2,887,364	\$3,183,616	\$1,308,154	\$1,304,307	\$1,279,973			
Unreserved	7,256,807	9,846,736	9,038,007	8,200,515	5,071,910	2,327,880	4,253,958			
Nonspendable								\$190,606	\$153,020	\$122,840
Restricted										
Committed										
Assigned										
Unassigned								6,350,652	6,101,878	7,797,107
Total General Fund	<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>	<u>\$6,254,898</u>	<u>\$7,919,947</u>
All Other Governmental Funds										
Reserved	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	14,037,455	11,969,346	15,336,726	15,336,726	19,495,729	24,424,793	23,476,779			
Capital project funds	24,442,115	23,590,901	23,344,253	23,344,253	28,814,920	28,585,987	28,062,545			
Nonspendable									33,952,695	9,795,953
Restricted								87,819,702	29,321,073	55,900,967
Committed								9,899,535	8,409,293	7,654,337
Assigned									1,555,674	1,559,189
Unassigned								(399,822)	(201,277)	142,500
Total all other governmental funds	<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>	<u>\$73,037,458</u>	<u>\$75,052,946</u>

(a) Fund balances of the General Fund and Child Care Grant fund at June 30, 2011 were restated in fiscal year 2012 to adopt the correction errors. Prior year revenue and expenses presented in this schedule have not been restated. Refer to Note 2 in the notes to the financial statements 2012.

Note: In FY 2011, the City implemented GASB 54, which changed the classification of fund balances.

Source: City of Davis Comprehensive Annual Financial Report

CITY OF DAVIS
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS (UNAUDITED)
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$27,082,587	\$30,498,312	\$38,633,353	\$39,781,903	\$42,254,186	\$40,737,792	\$41,867,742	\$41,786,803	\$32,472,106	\$36,141,112
Licenses, permits and fees	877,681	1,004,427	1,540,924	107	115	209	188	182	317	353
Fines and forfeitures	997,748	1,131,340	888,727	941,447	944,583	884,624	861,131	1,004,144	961,642	826,972
Use of money and property	776,841	1,854,330	1,661,219	3,297,325	3,671,372	2,259,142	1,074,244	1,031,044	715,761	648,017
Intergovernmental revenues	15,911,100	17,226,773	15,320,106	17,973,506	16,785,328	20,546,039	15,243,036	13,442,401	10,975,947	12,410,582
Charges for services	6,720,666	7,879,991	6,510,429	8,586,539	9,054,124	8,432,546	8,279,578	8,698,620	9,541,440	9,939,479
Development fees	1,519,665	3,846,464	701,840	1,423,911	4,705,005	899,051	592,374	494,460	2,583,790	2,238,192
Administrative fee - Enterprise Fund	955,493	1,040,717	1,118,422	1,405,458	1,794,961	2,280,423	2,316,719	2,296,790	2,523,552	2,541,485
Other	685,477	131,968	1,075,316	629,277	504,120	747,277	2,407,821	1,795,965	254,482	1,069,570
Total Revenues	55,527,258	64,614,322	67,450,336	74,039,473	79,713,794	76,787,103	72,642,833	70,550,409	60,029,037	65,815,762
Expenditures										
Current:										
City Council	115,392	108,450	122,193	111,968	124,862	124,022	129,390	161,532	146,932	150,439
City Attorney	374,657	326,401	389,296	417,718	383,943	362,152	331,121	307,893	362,967	265,804
City Manager	1,613,398	1,709,993	1,853,785	2,192,138	2,342,020	2,010,671	1,950,261	2,322,778	2,607,106	2,469,750
Finance/Administrative Services	1,378,893	1,236,370	1,699,209	1,987,332	2,237,186	2,140,766	2,048,770	2,119,014	2,051,852	2,983,681
Public safety	16,777,950	19,866,978	20,160,141	22,482,705	24,678,723	24,261,642	25,348,848	24,168,701	24,227,418	25,616,115
Public works	2,458,887	3,530,097	3,893,669	4,647,856	4,431,330	4,262,586	4,485,175	4,210,546	5,103,770	3,702,414
Community development	2,837,643	3,482,608	3,520,994	3,629,991	3,913,194	3,422,430	2,794,363	3,181,665	3,178,808	3,780,789
Parks and Community Services	16,886,059	17,151,735	17,983,887	22,286,696	25,113,063	24,657,652	22,543,846	18,663,508	18,077,634	16,938,350
Special Projects	4,293,233	6,408,977	6,689,316	4,962,370	6,850,876	5,237,321	11,115,111	16,750,622	1,916,055	1,996,757
Debt service:										
Principal repayment	340,000	295,000	463,419	685,498	1,107,915	1,060,687	923,828	1,493,799	2,316,295	
Interest and fiscal charges	1,719,446	1,199,786	1,247,229	1,964,862	958,487	1,486,429	1,442,353	2,713,521	1,352,117	
Special assessment	133,997	116,907	86,587	87,526	88,231					
Capital Improvements	4,206,318	10,135,957	5,396,131	3,445,108	8,307,585	3,333,909	3,372,261	3,118,144	5,241,669	4,402,828
Total Expenditures	53,135,873	65,569,259	63,505,856	68,901,768	80,537,415	72,360,267	76,485,327	79,211,723	66,582,623	62,306,927
Excess (deficiency) of revenues over (under) expenditures	2,391,385	(954,937)	3,944,480	5,137,705	(823,621)	4,426,836	(3,842,494)	(8,661,314)	(6,553,586)	3,508,835
Other Financing Sources (Uses)										
Transfers in	4,798,387	5,751,571	6,107,112	5,006,158	3,500,822	4,378,832	4,990,510	29,491,616	8,278,245	660,680
Transfers (out)	(4,811,631)	(4,972,420)	(7,265,962)	(5,006,158)	(4,003,532)	(4,378,832)	(4,972,076)	(29,687,094)	(8,326,775)	(754,850)
Insurance of long-term debt	9,265,000	1,200,000		20,815,000	39,227	473,925	13,289	18,000,000		
Payments to refunded bond escrow	(7,022,700)			(12,727,516)						
Sale of real property										
Total other financing sources (uses)	2,229,056	1,979,151	(1,158,850)	8,087,484	(463,483)	473,925	31,723	17,804,522	(48,530)	(94,170)
Special and Extraordinary Items										
Special Item									1,684,904	
Extraordinary Item									(18,856,040)	
Total special and extraordinary items									(17,171,136)	0
Net Change in fund balances	\$4,620,441	\$1,024,214	\$2,785,630	\$13,225,189	(\$1,287,104)	\$4,900,761	(\$3,810,771)	\$9,143,208	(\$23,773,252)	\$3,414,665
Debt service as a percentage of noncapital expenditures	4.5%	2.9%	3.1%	4.2%	3.0%	3.8%	3.2%	5.5%	6.4%	0.0%

Source: City of Davis Comprehensive Annual Financial Report

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

Fiscal Year	Total Real Secured Property	Unsecured Property	Total Assessed (a)	Estimated Full Market (a)	Total Direct Tax Rate (b)
2004	\$4,182,229,896	\$114,517,651	\$4,296,747,547	\$4,296,747,547	1.0%
2005	4,510,927,115	120,164,717	4,631,091,832	4,631,091,832	1.0%
2006	4,956,350,623	135,042,126	5,091,392,749	5,091,392,749	1.0%
2007	5,362,509,751	138,051,430	5,500,561,181	5,500,561,181	1.0%
2008	5,684,262,465	147,078,407	5,831,340,872	5,831,340,872	1.0%
2009	5,849,305,791	156,635,502	6,005,941,293	6,005,941,293	1.0%
2010	5,849,305,791	151,696,172	6,001,001,963	6,001,001,963	1.0%
2011	6,040,438,139	152,101,938	6,192,540,077	6,192,540,077	1.0%
2012	6,045,152,582	149,987,064	6,195,139,646	6,195,139,646	1.0%
2013	6,174,002,301	148,643,161	6,322,645,462	6,322,645,462	1.0%

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 indrement of not 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 Example encompasses more than 15 tax rate areas.

CITY OF DAVIS
PRINCIPAL PROPERTY TAX PAYERS (UNAUDITED)
CURRENT YEAR AND TEN YEARS AGO

Taxpayer	2012-13			2003-04		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Kirkwood Villabe Assoc. ETAL	\$35,461,320	1	14.7%			
Sequoia Equities - Cypress ETAL	30,723,340	2	12.7%			
Target Corporation	25,702,847	3	10.6%			
Fine Arts LP	24,404,196	4	10.1%	\$21,175,133	2	12.01%
Olive Drive Partners	22,839,821	5	9.5%			
VTR Covell LP	22,839,794	6	9.5%			
Buzz Oats LLC ETAL	20,220,174	7	8.4%			
WGA Sycamore Lane LP	19,944,763	8	8.3%			
SE-Davis LLC	19,740,987	9	8.2%	17,100,000	5	9.70%
Centro Watt Property Owner	19,668,014	10	8.1%			
Conagra Grocery Products Co				24,855,956	1	14.09%
Marketplace Center INC				19,903,732	3	11.29%
West Davis Associates				17,177,315	4	9.74%
Davis Tanglewood LLC				16,559,852	6	9.39%
F & F Towne Assoc LP				15,720,000	7	8.91%
5th & G Plaza				14,970,977	8	8.49%
Adobe ad Evergreen Apts. LLC				14,758,999	9	8.37%
SFC Greystone Invest LP ETAL				14,134,790	10	8.01%
Subtotal	<u>\$241,545,256</u>		<u>100.0%</u>	<u>\$176,356,754</u>		<u>100.0%</u>

Source: Yolo County Assessor Fiscal Year Combined Tax Rolls.

CITY OF DAVIS
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
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%
2012	23,993,724	23,993,724	100.0000%	2,777	23,996,501	100.0116%
2013	24,777,767	24,777,767	100.0000%	1,770	24,779,537	100.0071%

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

NOTE: Current tax collections beginning in 1999 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.

CITY OF DAVIS
RATIO OF OUTSTANDING DEBT BY TYPE (UNAUDITED)
LAST TEN FISCAL YEARS

Governmental Activities								
Fiscal Year	Tax Allocation Bonds	Certificates of Participation	Special Assessment Debt	General Obligation Bond	Capital Lease Obligations	Total		
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		
2012	(2)							
2013								
Business-Type Activities								
Fiscal Year	Department of Water Resources	State Revolving Fund Loans	Sewer System Capital Improvement Loan	East Area Water Storage Tank Loan	Line of Credit	Total	Total Primary Government	Percentage of Personal Income (a)
2004	\$7,075,773	\$12,237,597	\$2,056,449			\$21,369,819	\$45,851,041	2.29%
2005	6,612,138	11,548,453	1,960,597			20,121,188	45,441,273	2.21%
2006	6,140,320	10,841,172	1,859,400			18,840,892	43,629,287	1.96%
2007	5,656,387	10,115,277	1,752,560			17,524,224	49,937,450	2.13%
2008	5,160,443	9,130,789	1,639,763			15,930,995	47,196,595	1.91%
2009	4,651,531	8,385,136	1,520,677			14,557,344	45,152,977	1.90%
2010	4,129,424	7,620,513	1,394,951			13,144,888	42,829,982	1.76%
2011	3,593,956	6,835,765	1,262,215	\$7,234,117	\$3,000,000	21,926,053	68,117,348	3.11%
2012	3,202,182	6,030,364		9,614,850	6,270,000	25,117,396	25,117,396	1.16%
2013	2,960,053	5,203,765		9,410,645	11,970,000	29,544,463	29,544,463	Not available

Note : (1) Debt amounts exclude any premiums, discounts, or other amortization amounts.

Tax allocation bonds in the amount of \$43,875,000 were transferred to the Successor Agency as part of the RDA dissolution and are now

(2) accounted for in the Redevelopment Obligation Retirement Trust Fund.

Sources: City of Davis

State of California, Department of Finance (population)

U.S. Department of commerce, Bureau of the Census (income)

(a) See Schedule __ (Demographic Statistics) for personal income and population data.

CITY OF DAVIS
RATIO OF GENERAL BONDED DEBT OUSTANDING (UNAUDITED)
LAST TEN FISCAL YEARS

Fiscal Year	Tax Allocation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
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	27,755,000	0.46%	420.50
2010	27,755,000	0.46%	416.93
2011	45,120,000	0.73%	683.52
2012	0	N/A	0.00
2013	0	N/A	0.00

Note: Tax allocation bonds in the amount of \$43,875,000 were transferred to the Successor Agency as part of the RDA dissolution and are now account for in the Redevelopment Obligation Retirement Trust Fund.

Note: "N/A" denotes information not available.

CITY OF DAVIS
COMPUTATION OF LEGAL BONDED DEBT MARGIN (UNAUDITED)
WITH 10 YEAR TREND ANALYSIS
FISCAL YEAR ENDED JUNE 30, 2013

ASSESSED VALUATION:

Secured property assessed value, net of exempt real property	<u>\$6,174,002,301</u>
---	------------------------

BONDED DEBT LIMIT (15% OF ASSESSED VALUE) (a)	<u>\$926,100,345</u>
---	----------------------

AMOUNT OF DEBT SUBJECT TO LIMIT:

Total Bonded Debt (b)	\$0
-----------------------	-----

Less Tax Allocation Bonds and Sales Tax Revenue Bonds, Certificate of Participation not subject to limit	<u>0</u>
---	----------

Amount of debt subject to limit	<u>0</u>
---------------------------------	----------

LEGAL BONDED DEBT MARGIN	<u>\$926,100,345</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
2004	\$644,512,137	\$0	\$644,512,137	0.00%
2005	694,663,775	0	694,663,775	0.00%
2006	732,237,018	0	732,237,018	0.00%
2007	804,376,463	0	804,376,463	0.00%
2008	852,639,370	0	852,639,370	0.00%
2009	877,395,869	0	877,395,869	0.00%
2010	902,942,876	0	902,942,876	0.00%
2011	906,065,721	0	906,065,721	0.00%
2012	960,772,887	0	960,772,887	0.00%
2013	926,100,345	0	926,100,345	0.00%

NOTE:

- (a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.
- (b) Tax allocation bonds in the amount of \$43,875,000 were transferred to the Successor Agency as part of the RDA dissolution and are now accounted for in the Redevelopment Obligation Retirement Trust Fund.

CITY OF DAVIS
DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>City Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>	<u>County Population</u>	<u>City Population as a % of County</u>
2004	64,700	2,000,201	30,915	3.5%	183,042	35.35%
2005	64,500	2,057,421	31,898	3.3%	184,500	34.96%
2006	64,585	2,220,432	34,380	3.0%	190,344	33.93%
2007	64,938	2,348,937	36,172	3.3%	193,983	33.48%
2008	65,814	2,467,235	37,488	4.3%	199,066	33.06%
2009	66,005	2,378,688	36,038	7.0%	200,709	32.89%
2010	66,570	2,430,138	36,505	7.6%	201,105	33.10%
2011	66,011	2,191,235	33,195	7.7%	201,759	32.72%
2012	65,052	2,163,369	33,256	6.9%	202,133	32.18%
2013	66,471	N/A	N/A	6.0%	205,999	32.27%

Source: California Department of Finance

U.S Bureau of Economic Analysis

Unemployment Development Dept., Labor Market Division

Census Bureau Fact finder

Note: "N/A" denotes information not available

**CITY OF DAVIS
PRINCIPAL EMPLOYERS (UNAUDITED)
CURRENT YEAR AND PRIOR YEAR**

Employer	2012-13			2011-12		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
UC Davis	14,796	1	48.38%	12,412	1	40.58%
California State Unverisity	752	2	2.46%			0.00%
Davis School District	620	*	2.03%	783	2	2.56%
City of Davis	478	4	1.56%	482	3	1.58%
Sutter Davis Hospital	400	5	1.30%	400	4	1.31%
Nugget Market	268	6	0.88%	210	6	0.69%
PG&E	248	7	0.8%			
Safeway Stores	245	8				
Unitrans	230	9				
Kaiser Permanente Medical Office	213	10				
Target			0.00%	192	7	0.63%
USDA			0.00%	173	8	0.57%
University Retirement			0.00%	172	9	0.56%
Schilling Robotics LLC			0.00%	153	10	0.50%
Subtotal	<u>18,250</u>		<u>59.67%</u>	<u>14,977</u>		<u>48.97%</u>
Total City of Davis Employment	<u>30,585</u>			<u>30,585</u>		

Source: City of Davis phone survey, January, 2013
City of Davis Community Development Department

* includes seasonal employees

Historical data not available

CITY OF DAVIS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION (UNAUDITED)
LAST TEN FISCAL YEARS

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Function										
General government	46.20	48.68	46.20	53.37	49.78	34.55	31.64	42.23	41.74	46.74
Public safety	145.78	149.42	145.78	152.05	157.22	156.64	151.63	151.27	146.82	145.03
Public works	55.38	57.45	55.38	55.44	57.00	59.45	57.60	52.70	52.37	76.98
Community development	31.69	32.17	31.69	35.01	33.98	35.18	25.57	26.07	26.39	22.30
Community services	189.80	188.82	189.80	195.28	183.83	201.74	193.55	165.62	149.79	113.56
Water	24.00	24.00	24.00	28.96	27.96	27.96	27.96	27.96	27.96	21.00
Wastewater	26.00	29.00	26.00	31.21	34.83	36.68	36.68	38.58	37.20	29.00
Total	<u>518.85</u>	<u>529.54</u>	<u>518.85</u>	<u>551.32</u>	<u>544.60</u>	<u>552.20</u>	<u>524.63</u>	<u>504.43</u>	<u>482.27</u>	<u>454.61</u>

Source: City of Davis

CITY OF DAVIS
OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
Public safety:										
Fire:										
Fire calls for service	316	240	216	216	232	265	229	193	196	255
Medical calls for service	1,859	2,010	2,036	2,036	2,281	2,432	2,416	2,448	2,538	2,845
Other calls for service	1,356	1,254	1,402	1,402	1,490	1,573	1,524	1,432	1,547	1,210
Primary fire inspections conducted	1,192	1,247	1,590	1,590	1,195	1,563	1,799	1,806	1,503	1,806
Fire loss	\$827,250	\$792,863	\$792,863	\$905,185	2,569,901	1,980,190	597,732	591,107	576,395	822,500
Police:										
Communication Center calls answered (911)	8,664	8,054	21,602	21,602	8,920	9,095	11,203	12,083	12,008	12,538
Police calls for Service	51,005	58,256	61,646	61,646	57,326	61,328	56,315	57,540	60,830	53,630
Law violations:										
Part I and Part II crimes	2,154	2,527	2,368	2,368	2,543	2,464	1,792	1,823	1,603	1,573
Warrants processed (adult and juvenile)	832	877	1,083	1,083	1,047	917	727	666	845	742
Driving under influence arrests (DUI)	211	230	305	305	173	245	166	164	265	253
Property loss	\$2,957,154	\$3,079,862	\$2,815,926	\$2,815,926	\$2,555,708	\$3,316,075	\$2,213,102	\$2,235,868	\$1,196,213	1,196,512
Property recovered	\$1,371,897	\$1,160,869	\$69,142	\$691,422	\$605,887	\$763,045	\$778,997	\$574,448	510,747	511,747
Cases written	7,174	7,902	7,430	7,430	6,968	6,815	5,929	5,407	4,730	4,760
Animal related calls	449	471	217	217	588	283	276	353	327	386
Citizen complaints	11	23	34	34	33	20	32	12	15	15
Noise complaints	2,862	3,526	3,288	3,288	2,708	601	2,751	2,919	2,230	2,073
Moving violations	3,472	3,526	6,698	6,698	6,059	5,651	4,116	2,554	4,963	5,019
Parking violations	25,372	25,466	26,445	26,445	18,483	17,116	17,993	18,020	16,570	15,470
Public works										
Annual vandalism expenses	\$72,000	\$72,000	\$72,000	\$17,444	37,553	11,415	51,916	84,886	69,367	100,964
Potholes Repaired	1	6	10	18	16	9	7	11	9	
Parks and Community Service										
Community Services:										
Recreation class participants	29,737	16,270	33,640	24,152	24,407	24,720	20,327	19,316	19,746	18,297
Performing Arts Center performances									192	137
Water										
Water service connections	15,806	15,371	16,229	16,229	16,292	16,292	16,325	16,430	16,430	16,572
Average daily consumption (thousands of gallons)	12,181	11,548	10,862	11,972	11,551	10,286	10,286	10,699	10,478	10,340
Wastewater										
Sewer service connections						15,750	16,325	16,430	16,430	16,430
Average daily treatment (millions of gallons/day) *	5.87	5.96	6.98	6.75	5.68	5.54	4.90	4.84	5.07	4.60
Solid Waste										
Tons of solid waste generated *	88,055	91,228	91,926	92,358	91,363	89,124	84,931	89,854	88,519	N/A
Tons of solid waste diverted from landfill *	43,147	45,614	49,640	49,874	52,077	53,474	47,561	58,405	56,652	N/A

* corrected basis of measurement

Source: City of Davis

Note: "N/A" denotes information not available.

CITY OF DAVIS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function/Program										
Public safety:										
Fire stations	3	3	3	3	3	3	3	6	3	3
Police stations	1	1	1	1	1	1	1	1	1	1
Number of sworn personnel	55	60	60	60	61	61	61	61	61	63
Police patrol units	35	42	49	52	38	44	43	34	37	37
Public works										
Miles of streets	155	157	257	157	162	165	165	166	166	165
Street lights	5,101	5,494	5,494	5,494	5,403	5,426	5,676	5,699	5,699	5,710
Traffic Signals	54	54	54	54	60	60	60	61	61	59
Culture and recreation:										
Community services:										
City parks	31	31	31	31	31	31	31	36	36	36
City trees *	30,000	30,000	30,000	30,000	30,000	26,000	26,000	26,000	26,000	21,500
Playgrounds	68	68	68	69	69	69	69	69	69	69
Miles of on-street bike lanes	48	51	51	51	54	54	55	55	55	55
Miles of off-street bike paths	48	51	51	51	55	55	56	56	56	53
Community gardens	1	1	1	1	1	1	1	1	1	1
Senior centers	1	1	1	1	1	1	1	1	1	1
Performing arts centers	1	1	1	1	1	1	1	1	1	1
Swimming pools	4	4	4	4	4	4	4	4	4	4
Tennis courts	33	32	33	33	33	33	33	33	33	33
City buildings maintained	84	88	87	87	87	87	87	87	91	92
Square footage of City Buildings	287,631	29,700	296,694	296,694	301,853	305,093	305,093	305,093	305,093	305,093
Library:										
City Libraries										
Water										
Miles of water mains	179	179	180	180	178	179	180	180	183	198
Number of wells	20	23	23	23	21	20	20	20	20	20
Fire hydrants	1,667	1,938	1,938	1,942	1,699	1,703	1,703	1,703	1,706	1,708
Wastewater										
Miles of sewer mains	173	162	162	162	156	157	164	164	164	164
Miles of storm sewers	124	95	95	95	126	127	127	127	127	127
Number of treatment plants (1)										1
Treatment capacity (millions of gallons)	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5

(1) The City of Example owns treatment capacity in the Palo Alto Treatment Plant.

(2) Information now reported from the City's GIS system and is more accurate.

Source: City of Example

Note: n/a denotes information is not available.

* corrected basis of measurement