

City of Davis California

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2016

CITY OF DAVIS, CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

PREPARED BY THE
FINANCE DEPARTMENT

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Comprehensive Annual Financial Report
For the Year Ended June 30, 2016

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**Administrative Services Department
Finance Division**

23 Russell Boulevard – Davis, California 95616
Accounts Payable & Payroll: 530/757-5615 – City Hall FAX: 530/758-0204
Utilities, Citations & Business Licenses: 530/757-5651 – TDD 530/757-5666



December 22, 2016

Honorable Mayor, Members of the City Council and Citizens of Davis

We are pleased to transmit the Comprehensive Annual Financial Report (CAFR) of the City of Davis for the Fiscal Year ended June 30, 2016.

We believe the data 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 2015-2016 will be completed in March of 2017 and a separate Single Audit Report will be issued.

Generally accepted accounting principles 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 which provide services to 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, Community Facilities District 1991-2 (Mace Ranch) and Community Facilities District 2015 (The Cannery). Financial information on these entities has been included in this report.

The City also provides the financial and accounting services for the Woodland-Davis Clean Water Agency. It is a joint-powers authority (JPA) between the cities of Woodland and Davis to develop a sustainable, high-quality water supply. The JPA is responsible for its own financial statements.

PROFILE OF THE GOVERNMENT

The City of Davis was founded in 1868, and was originally named Davisville after Jerome C. Davis, who was a prominent local farmer. In 1907, the Davisville post office shortened the town name and the change became 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 whom serves as the Mayor and another as the Mayor Pro Tem. Council members are elected for overlapping four-year term on a citywide basis. 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 and is responsible for City operations.

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

Dedicated to citizen participation, the City has fifteen council-appointed commissions and committees and several time-limited task forces or subcommittees 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.

BUDGET INFORMATION

The development of the Annual Operating Budget begins in October. The City Manager meets with departments to discuss budget changes and requests and to obtain additional information to assist in the assessment of the requests. The proposed budget is submitted to the City Council for consideration by June and must be adopted by the Council by June 30th, for the start of the new fiscal year.

FINANCIAL CONTROLS

The City's accounting records are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. 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 65 that reclassifies certain assets and liabilities as outflows and inflows of resources or as deferred outflows and inflows of resources.

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 is at the fund level.

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 2015-16, 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. In October, 2016 the City contracted with an investment management firm to update the Investment Policy and to manage the City's portfolio. The City's goal is to safely expand portfolio diversification and to add long term investments that will increase investment earnings, while still adhering to the investment policy and maintaining adequate cash flow. Total year-end investment earnings for all funds held in the City treasury totaled \$529,673, a return of 0.375%.

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, 2016 the City's treasury, including Fiduciary funds, held \$156,311,171 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 liability is \$5,000, auto liability is \$20,000 and workers compensation is \$1,000. This significantly limits the City's financial risk.

LOCAL ECONOMY

The City of Davis is located near Sacramento and has a very strong legacy of agriculture, education and innovation. The Sacramento region is the nation's Farm-to-Fork Capital. Local policies and practices support preservation of agriculture land as well as an increasing dominance in the fields of ag research & development, ag tech, food science and animal husbandry. The City sits on the I-80 corridor between the state capital of Sacramento and the high tech San Francisco Bay Area, making the community a prominent location for a variety of innovative businesses. Our proximity to UC Davis has resulted in a community that boasts a highly-skilled workforce, is known for a high-performing public school system, and attracts visitors and residents with varied and renowned talents.

UC Davis is our largest employer and is one of the largest drivers of the regional economy, with over 23,000 full time and part-time employees. The university has over 35,000 students enrolled and it is projected to continue growing. The university has been estimated to contribute over \$7.0 billion annually to the regional economy.

The housing sector in Davis is continuing to show steady growth. The total number of residential units issued building permits in calendar year (CY) 2016 is exceeding 250 units, more than twice the number of units in calendar year 2015 and the highest number in a decade. Also in CY 2016, the number of houses sold (562), average sales price (\$613,000), and average price per square foot (\$339) exceed recent calendar years. The projection for residential units during the next five years reflects a continuation of approximately 250 units per year based mostly on zoned projects, as well as some pending proposals.

Tax revenue had a significant increase for the second year in row. In addition to sales growth, there were two factors that lead to the increase in sales tax. Fiscal year 2015/16 was the first full year for recognition of an additional half-cent sales that went into effect October, 2014. Also, with the sunset of the Triple Flip Tax Swap, the City received the final true-up payments from the State.

LONG-RANGE PLANNING

In October of this year, the Davis City Council adopted its 2016 – 2018 Goals and Objectives. Each goal is accompanied by a set of guiding principles and a list of tasks required to achieve each goal. The goals are as follows:

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

Drive a Diverse and Resilient Economy– Promote economic development and innovation consistent with our community values and niche as home of a world-class university.

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

Build and Promote a Vibrant Downtown – Ensure downtown Davis remains the vibrant economic, cultural, and social center of the community.

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

Fund, Maintain and Improve Infrastructure – Fund, maintain and improve current infrastructure to meet community needs now and into the future.

Ensure a Safe and Healthy Community – Keep Davis a safe, secure and healthy place for residents, visitors and neighborhoods.

Foster Positive Workplace Dynamics – Ensure that the City of Davis organization is a positive workplace, where the community and government work cooperatively to achieve shared goals and improve quality of life.

City staff is working toward implementation of specific tasks for each goal and will be making periodic progress reports to the Council.


AWARD AND ACKNOWLEDGEMENTS


Last year the Government Finance Officers Association (GFOA) awarded the City a Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the CAFR is a team effort. We would like to thank the dedicated department and Finance staff who strive throughout the year to improve the quality of service and financial information provided to the citizens of Davis. Finally, none of this would have been possible without the leadership of the City Council to build a better financial future.

We also wish to acknowledge the professional manner in which Maze and Associates conducted the audit and to express appreciation for their assistance.

Respectfully submitted,


Dirk Brazil
City Manager


Kelly Fletcher
Finance Administrator



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Davis
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

PRINCIPAL OFFICIALS

CITY OF DAVIS

JUNE 30, 2016

CITY COUNCIL

Mayor	Dan Wolk (Term expired 6/30/16)
Mayor Pro-Tem	Robb Davis
Councilmember	Lucas Frerichs
Councilmember	Brett Lee
Councilmember	Rochelle Swanson
Councilmember	Will Arnold (Appointment 7/1/16)

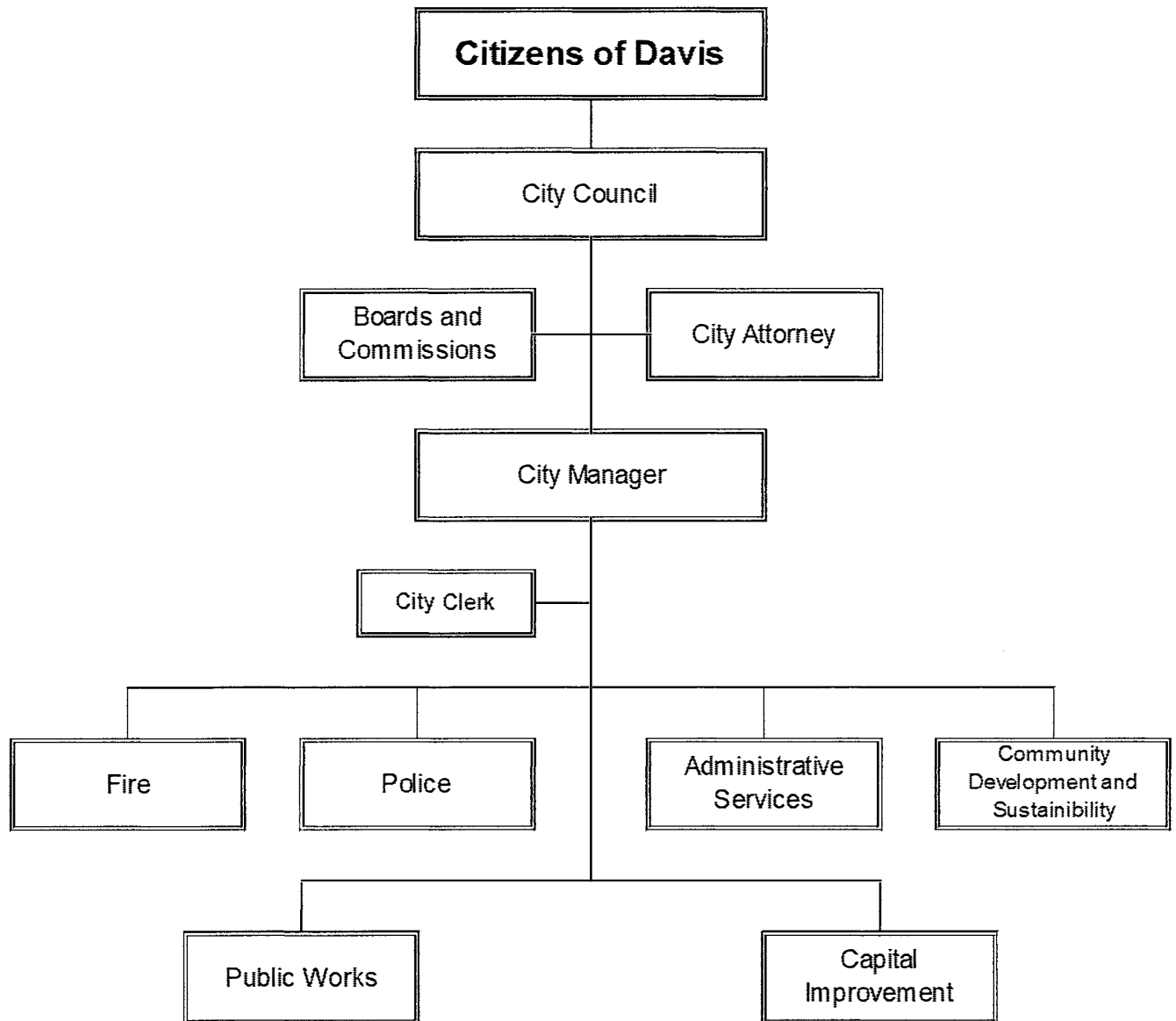
ADMINISTRATIVE OFFICIALS

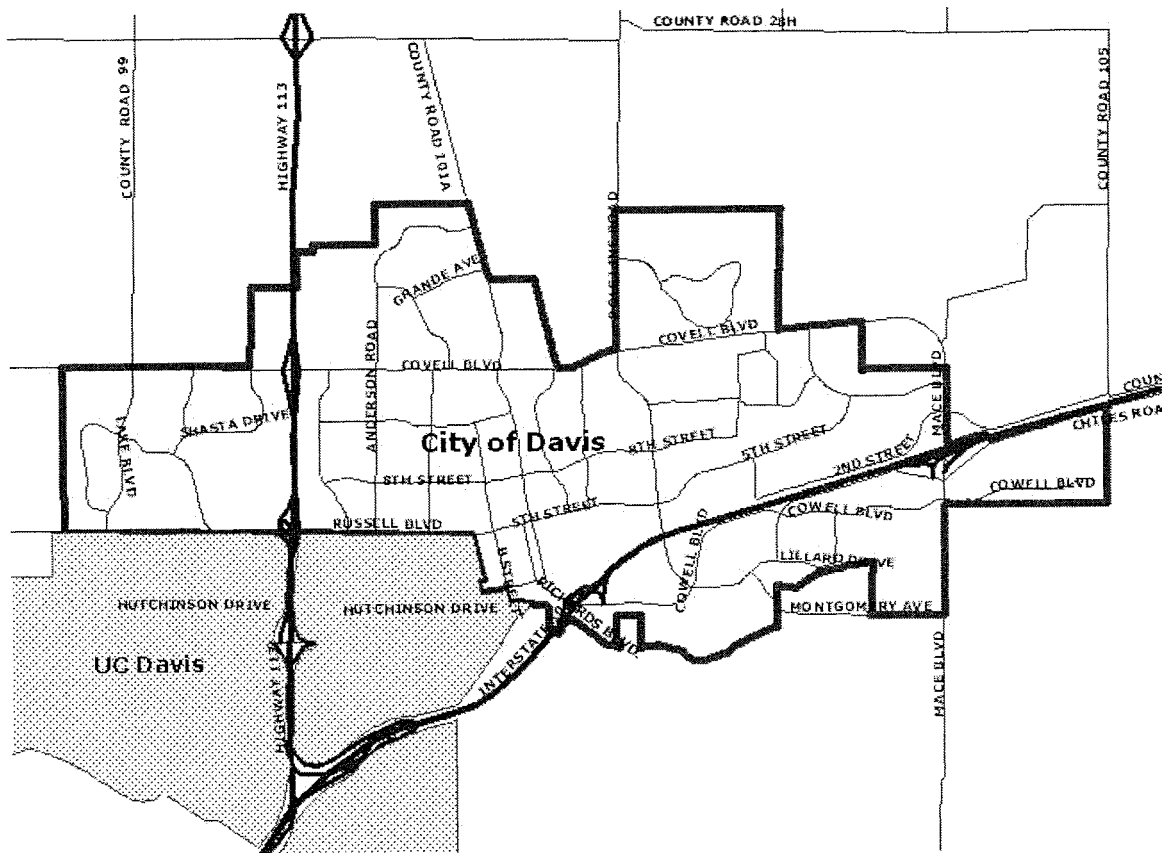
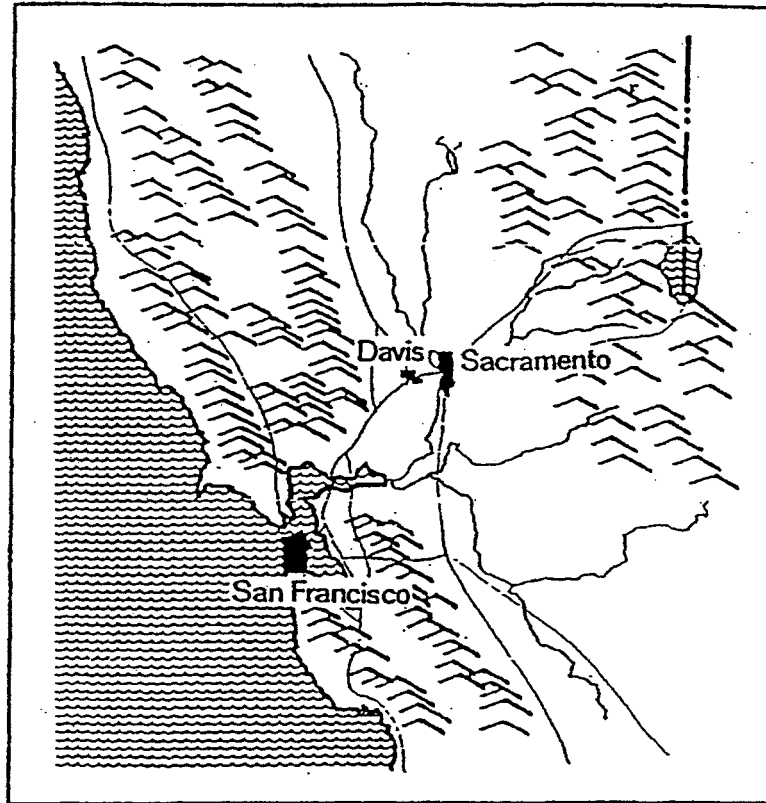
City Manager	Dirk Brazil
City Attorney	Harriet Steiner
Assistant City Manager	Kelly Stachowicz
Assistant City Manager	Mike Webb
City Clerk	Zoe Mirabile
HR Administrator	Janet Emmett
Parks & Recreation Director	Dale Summersille
Fire Chief	Nate Trauernicht
Police Chief	Darren Pytel
Public Works Director	Robert Clarke

ADMINISTRATIVE STAFF

Financial Services Manager	Pamela Day
Accounting & Fiscal Analyst I	Kathleen Long
Finance Administrator	Kelly Fletcher

City of Davis Organizational Chart





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INDEPENDENT AUDITOR'S REPORT

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

Report on 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, as of and for the year ended June 30, 2016, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 City'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 City'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 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, 2016, and the respective changes in financial position and where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City is a participant of the *Woodland-Davis Clean Water Agency*, a separate joint powers authority. The joint powers authority was formed between the City of Davis and City of Woodland to coordinate the construction, ownership and operation of the Woodland-Davis Water Supply Capital Improvement Project which is scheduled to be completed in 2016. As of June 30, 2016 the City's accumulated contributions to the Agency amounted to \$61,380,470. See Note 16 to the financial statements for further discussion.

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplementary Information 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 as a whole. The Introductory Section, Supplemental Information and Statistical Section listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplemental Information is fairly stated, in all material respects, in relation to the 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 December 22, 2016, 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 the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
December 22, 2016

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CITY OF DAVIS

Management's Discussion and Analysis

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, 2016. 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 v-ix of this report.

FINANCIAL HIGHLIGHTS

Financial highlights for the 2015-2016 fiscal year include the following:

- City total assets increased by \$66.1 million to \$763.8 million, of which \$362.9 million represented governmental assets and \$400.9 million represented business-type assets.
- City total liabilities increased by \$65.1 million to \$214.8 million, of which \$95.7 million were governmental liabilities and \$119.1 million were business-type liabilities.
- Total government-wide revenues were \$124.8 million, an increase of \$6.0 million from the prior year's \$118.8 million. The City's governmental activities generated \$74.8 million in revenue, while the business-type activities generated \$50.0 million in revenue
- Total expenses for the City increased \$2.0 million. Governmental expenditures increased \$3.4 million, from \$67.1 million to \$70.5 million. Expenses for business-type activities decreased \$1.4 million to \$37.6 million.
- Total governmental fund revenues decreased \$1.0 million to \$73.9 million. Total governmental fund expenditures increased to \$74.4 million in fiscal 2015-16, up \$7.1 million from the prior year's \$67.3 million.
- The General Fund's ending fund balance of \$21.7 million in fiscal 2015-16 is up \$6.0 million from the prior year's \$15.7 million.
- General Fund revenues increased to \$62.5 million, up \$8.7 million from the prior year's \$53.8 million. Expenditures increased \$8.7 million the from prior year's \$47.8 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 are comprised 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.

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 assets 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.

The government-wide financial statements can be found on pages 21-23 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*.

The City maintains 29 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 Development Deferred Improvement special revenue fund, the Low/Mod Housing special revenue fund, and the Open Space special revenue fund, which are considered to be major funds. Data from the other 25 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 governmental funds that includes both operational and capital improvement expenditures. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 26-32 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, with the exception of 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 34-39 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's 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 42-43 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 45-93 of this report.

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 Other Post-Employment Benefits (OPEB) benefits to its employees.

Required supplementary information can be found on page 97-107 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 114-143 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This section focuses on the net assets and changes in net assets of the City's governmental activities and business-type activities presented in the Government-wide Statement of Net Position and Statement of Activities. Changes in net position may serve over time as a beneficial indicator of the City's financial position.

As of June 30, 2016, the City reported positive balances in all categories of net position for the government as a whole except for unrestricted net position. The negative unrestricted net position was predominantly the result of the implementation of GASB 68. Please refer to the Notes to the Financial Statements for more information about the impact of GASB 68's implementation.

The largest portion of the City's net position, \$516.9 million, reflects its net investment in capital assets (infrastructure, land, buildings and equipment), less any related outstanding debt used to acquire those assets. These capital assets are used by the City to provide services to citizens, making them unavailable for future spending. Although the City's net investment in its capital assets is reported as net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Tables 1 and 2 on the following pages present a summary and changes of the City's net position as of June 30, 2015 and June 30, 2016.

Table 1: Statement of Net Position
For the Years Ended June 30, 2016 and 2015
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Cash and investments	\$ 70.475	\$ 72.471	\$ 54.793	\$ 34.688	\$ 125.268	\$107.159
Other assets	49.618	45.080	6.723	5.535	56.341	50.615
Capital assets	242.813	240.360	339.376	299.547	582.189	539.907
Total Assets	<u>362.906</u>	<u>357.911</u>	<u>400.892</u>	<u>339.770</u>	<u>763.798</u>	<u>697.681</u>
Deferred outflows of resources	16.414	5.659	3.438	1.274	19.852	6.933
Other liabilities	8.123	7.909	32.449	8.868	40.572	16.777
Long-term debt outstanding	87.600	72.940	86.688	60.036	174.288	132.976
Total Liabilities	<u>95.723</u>	<u>80.849</u>	<u>119.137</u>	<u>68.904</u>	<u>214.860</u>	<u>149.753</u>
Deferred inflows of resources	9.537	12.955	3.523	2.886	13.060	15.841
Net position:						
Net investment in capital assets	242.813	240.361	274.098	235.770	516.911	476.131
Restricted	69.365	75.927			69.365	75.927
Unrestricted	<u>(38.119)</u>	<u>(46.521)</u>	<u>7.572</u>	<u>33.484</u>	<u>(30.547)</u>	<u>(13.037)</u>
Total Net Position	<u>\$ 274.059</u>	<u>\$ 269.767</u>	<u>\$281.670</u>	<u>\$ 269.254</u>	<u>\$ 555.729</u>	<u>\$539.021</u>

Table 2: Statement of Changes in Net Position
For the Years Ended June 30, 2016 and 2015
(in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Expenses						
General government:						
City Council	\$ 0.145	\$ 0.161	\$ -	\$ -	\$ 0.145	\$ 0.161
City Attorney	0.323	0.296	-	-	0.323	0.296
City Manager	2.278	1.950	-	-	2.278	1.950
Administrative Services	2.947	3.038	-	-	2.947	3.038
Community Development	4.912	5.291	-	-	4.912	5.291
Public Works	9.288	11.063	-	-	9.288	11.063
Special Projects	7.694	2.053	-	-	7.694	2.053
Parks and community services:						
Parks and Community Services	12.508	16.284	-	-	12.508	16.284
Public safety:						
Fire	11.350	10.230	-	-	11.350	10.230
Police	19.043	16.753	-	-	19.043	16.753
Interest on Long-Term Debt	0.002	-	-	-	0.002	-
Water	-	-	10.974	9.861	10.974	9.861
Sanitation	-	-	11.147	10.359	11.147	10.359
Sewer	-	-	7.937	8.760	7.937	8.760
Storm Sewer	-	-	3.941	3.669	3.941	3.669
Public transit	-	-	3.639	6.387	3.639	6.387
Total Expenses	70.490	67.119	37.638	39.036	108.128	106.155
Revenues						
Program Revenues:						
Charges for Services	15.693	15.045	42.502	39.168	58.195	54.213
Operating Contributions and Grants	8.127	12.610	3.199	6.275	11.326	18.885
Capital Grants and Contributions	1.025	2.850	0.040	-	1.065	2.850
General Revenues:						
Taxes	41.157	35.584	-	-	41.157	35.584
Motor vehicle in-lieu	6.146	5.524	-	-	6.146	5.524
Investment income	0.469	0.135	0.307	0.075	0.776	0.210
Miscellaneous	2.165	1.265	4.006	0.245	6.171	1.510
Total Revenues	74.782	73.013	50.054	45.763	124.836	118.776
Changes in Net Position	4.292	5.894	12.416	6.727	16.708	12.621
Net Position - Beginning	269.767	263.873	269.254	262.527	539.021	526.400
Net Position - Ending	\$ 274.059	\$ 269.767	\$ 281.670	\$ 269.254	\$ 555.729	\$ 539.021

Governmental Activities

The City's governmental activities rely on several sources of revenue to finance ongoing operations. Taxes (\$41.2 million), Operating Grants & Contributions (\$8.1 million), and Charges for Services (\$15.7 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, HUD/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 Services 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 2015-16, total revenue for governmental activities was \$74.8 million, an increase of \$1.8 million compared to the prior year.

- General Revenues increased \$7.4 million, a 17.5% increase over \$42.5 million in fiscal year 2014-15.
- Tax revenue showed the largest increase among the General Revenues, with an increase of \$7.4 million.
 - Sales tax increased \$3.0 million, in large part due to the increase in the sales tax rate from the City's add-on tax.
- Property Taxes also had significant growth, increasing from \$12.2 million to \$13.7 million.
- Program Revenues decreased \$5.7 million, from \$30.5 million in fiscal year 2014-15 to \$24.8 million in fiscal year 2015-16.
- Charges for Services increased only \$0.6 million.
- Operating and Capital Grants decreased \$4.5 million and \$.8 million respectively.
 - The reduction in Operating Grants is primarily due to the transfer of Child Care Services to Yolo County on July 1, 2015. Grant revenue for those services was \$4.9 million in fiscal year 2014/15.
 - The decrease in revenue for Capital Grants was due to the completion of projects, such as 5th Street Corridor, North Davis Channel and the Emergency Generators, in the prior year.

Total governmental activities expenditures were \$70.5 million, an increase of \$3.4 million from the prior year.

- Public Safety increased \$3.4 million. The increase in Public Safety costs is primarily due to the estimated pension expense recognized due to GASB 68. For additional information, please refer Note 12 of the Notes to the Basic Financial Statements on page 79.
- Special Projects increased \$5.6 million. This increase, which includes capital outlay, came from expenditures for two capital projects. Expenditures for the Transportation Infrastructure Rehab program were \$3.6 million. The Streetlight Conversion project had \$3.3 million in expenditures.
- Parks and Community services decreased from \$16.3 million to \$12.5 million, a reduction of \$3.8 million. The transfer of Child Care Services to Yolo County reduced the City's expenditures by \$5.0 million. However, there was an increase in expenditures due to increased water costs for parks and filling staff vacancies.

Analysis of Business-Type Activities

The City has five business-type activities: Water, Sanitation, Sewer, Storm Sewer and Public Transit. Most 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.

Net Position for the Enterprise Funds increased \$12.4 million, with positive and negative changes in the five major funds. The Water and Sewer Funds together had a positive change in net assets of \$15.2 million, while Sanitation, Storm Sewer and Public Transportation had a combined decrease in net assets of \$2.8 million. Total Enterprise revenues increased \$4.3 million and expenses decreased \$1.4 million.

The City is continuing progress on three key capital projects, which are primarily responsible for the major fluctuations in the balance sheet. These projects are the Davis-Woodland Water Supply Project, the Local Facilities Water Quality Improvement Project, and the Waste Water Treatment Plant. Cash and Investments have increased \$20.1 million, as the City began making draws on State Revolving Fund (SRF) loans to reimburse expenses for the construction projects. Likewise, Capital Assets have increased \$39.8 million due to expenditures on those same projects. Long Term Debt has increased \$26.7 million with the addition of \$28.1 million in SRF loans for the water projects. The SRF loan #2, in the amount of \$3.2 million, was retired three years before maturity to improve the financial position of the Sewer Fund. The City refinanced the debt for capacity rights by issuing revenue bonds in the amount of \$21.2 million.

Operating revenues and Non-operating revenues totaled \$42.5 million and \$7.6 million, respectively. The operating revenue consists of Charges for Current Services, which increased \$3.3 million, all attributed to the Water Fund. An increase in water rates in January 2016, combined with a temporary reduction in the rates in fiscal year 2014/15, created a \$3.2 million increase in revenue. The City implemented a plan to encourage citizens to conserve water, achieving a 22.7% reduction in consumption in 2016.

Non-operating revenues, which consist of investment revenue, operating grants and other revenues totaled \$7.6 million. Operating grants, all in Public Transit, decreased by \$3.0 million. The City received less Federal Transportation Administration (FTA) pass through grant funds due to the completion of a Unitrans capital project in fiscal year 2014/15. Other revenue increased by \$3.8 million, all in the Water Fund. UC Davis contributed \$2.9 million for their share of the local surface water project. In addition, the City had a gain of \$0.9 million when refinancing the capacity rights for the Surface Water Project.

Operating expenses for the proprietary funds decreased \$1.4 million. The Water Fund expenses totaled \$11.0 million, an increase of \$1.1 million. This was primarily due to recognizing \$1.0 million increase in pension liability, per the requirements of GASB 68. The Public Transit Fund's expenses decreased from \$6.4 million to \$3.6 million, a reduction of \$2.8 million. This is primarily due to the 2014/15 completion of the Unitrans project referred to in the previous paragraph.

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.

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 presented as a comparison with the prior year and should prove useful in evaluating the City's financial requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The City maintains 29 individual governmental funds, which include four Major Funds, the General Fund, the Development Deferred Improvement special revenue fund, the Low/Mod Housing 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 25 governmental funds combined into a single aggregated presentation.

As of June 30, 2016, the City's governmental funds reported combined fund balances of \$92.8 million, a decrease of \$0.5 million compared with last year. The unassigned portion of fund balance was \$21.1 million, which is available for spending at the City's discretion.

General Fund. The General Fund is the primary governmental fund and chief operating fund of the City. The total fund balance for the General Fund increased \$6.0 million, primarily due to the increase in tax revenue. Sales tax increased \$2.9 million in the current fiscal year. \$1.0 million is a result of the complex state revenue sharing mechanism known as the "triple flip" and \$1.9 million is from the half cent increase in sales tax from the City's add on tax. Property tax increased to \$13.7 million from \$12.2 million in the prior fiscal year. The City increased residential building permits by over 200, mainly due to the Cannery development. That also accounted for the \$0.6 million increase in Construction Tax, a 51.8% increase over the prior year.

Other revenues increased by \$2.4 million. The majority of this increase was from \$1.6 million in loan proceeds for the Streetlight Conversion project. In addition, \$0.6 million was recorded for developer reimbursements for projects.

Other Governmental Funds. Intergovernmental revenues for the other Governmental funds decreased \$9.1 million. The loss of revenue for Child Care Services accounted for \$5.0 million. Gas tax, TDA Non-Transit, Federal Highway Grants and Capital Grants also had less in grant revenue than the prior year.

Table 3 provides a summary of Governmental and General Fund revenues for the year ended June 30, 2016, and compares the revenues to the prior fiscal year.

**Table 3: Revenues in the Governmental Funds
For the Year Ended June 30, 2016 and 2015**

	Governmental Funds			General Fund *		
	2016	2015	\$ Change	2016	2015	\$ Change
Property Tax	\$13,721,604	\$12,156,824	1,564,780	\$13,721,604	\$12,156,824	\$1,564,780
Sales tax	16,192,725	13,302,816	2,889,909	16,192,725	13,302,816	2,889,909
Real Property Transfer	306,001	367,464	(61,463)	306,001	367,464	(61,463)
Municipal Services	2,878,914	2,770,291	108,623	2,878,914	2,770,291	108,623
Business License	1,719,258	1,735,021	(15,763)	1,719,258	1,735,021	(15,763)
Construction Tax	1,167,502	562,206	605,296	1,167,502	562,206	605,296
Franchise	1,704,481	1,359,272	345,209	1,141,614	743,175	398,439
Transient Occupancy	1,453,819	1,319,909	133,910	1,453,819	1,319,909	133,910
Motor Vehicle in-lieu	6,146,238	5,496,622	649,616	6,146,238	5,496,622	649,616
Park Maintenance	1,367,935	1,360,149	7,786			
Public Safety Charge	481,685	490,590	(8,905)			
Open Space Protection	644,914	649,634	(4,720)			
Fines and forfeitures	660,313	661,160	(847)	660,313	661,160	(847)
Use of money and property	1,640,957	2,097,332	(456,375)	1,359,131	1,255,693	103,438
Intergovernmental	5,018,162	14,157,718	(9,139,556)	512,490	780,343	(267,853)
Charges for current services	12,293,260	12,080,275	212,985	9,549,153	9,303,663	245,490
Development fees	797,720	923,944	(126,224)			
Administrative fees	2,260,871	2,329,522	(68,651)	2,260,871	2,329,522	(68,651)
Other	3,449,412	1,121,047	2,328,365	3,443,488	1,028,236	2,415,252
Totals	\$73,905,771	\$74,941,796	(\$1,036,025)	\$62,513,121	\$53,812,945	\$8,700,176

* The General Fund is a subset of the Governmental funds

Expenditures for Governmental and General Funds increased \$7.2 million and \$8.7 million, respectively.

- The increase in General Fund expenditures was primarily for Parks and Community Services and for Capital Outlay. Parks and Community Services increased \$1.7 million in General Fund spending but had a decrease in spending overall for Governmental Funds.
 - The increase in General Fund expenditures was due to a \$0.7 million increase in utility charges for parks and a shift of the Street Tree program expenditures from Public Works. The Child Care Fund expenditures decreased \$5.0 million, due to transitioning the services to Yolo County.
 - General Fund expenditures for Capital Outlay increased \$5.5 million due to the Transportation Infrastructure Rehabilitation and the Streetlight Conversion projects.

- The General Fund and the Downtown Area Capital Revitalization Fund had expenditures of \$0.5 million and \$4.9 million, respectively, for funds transmitted to the Department of Finance in compliance with the Due Diligence Review determination letter. Please see Note 17C of the Notes to Basic Financial Statements for more information.

Table 4 provides a summary of Governmental and General Fund expenditures for the year ended June 30, 2016, and compares the revenues to the prior fiscal year.

**Table 4: Expenses in the Governmental Funds
For the Year Ended June 30, 2016 and 2015**

	Governmental Funds			General Fund *		
	2016	2015	Change from Prior Year	2016	2015	Change from Prior Year
City Council	\$162,094	\$168,389	(\$6,295)	\$162,094	\$168,389	(\$6,295)
City Attorney	323,152	296,143	27,009	323,152	296,143	27,009
City Manager	2,511,944	2,063,550	448,394	2,499,230	2,057,190	442,040
Administrative Services	3,268,570	3,204,437	64,133	2,493,166	2,416,569	76,597
Public Safety	28,686,821	27,838,666	848,155	25,556,925	24,896,869	660,056
Public Works	5,849,339	6,227,483	(378,144)	2,574,938	2,998,835	(423,897)
Community Development	5,227,343	5,467,094	(239,751)	5,155,537	5,372,346	(216,809)
Parks & Community Service	11,681,163	14,971,458	(3,290,295)	9,939,664	8,154,484	1,785,180
Special Projects	7,742,821	2,077,228	5,665,593	567,900	0	567,900
Capital Outlay	8,984,638	4,966,673	\$4,017,965	7,234,569	1,402,972	5,831,597
Totals	\$74,437,885	\$67,281,121	\$7,156,764	\$56,507,175	\$47,763,797	\$8,743,378

* The General Fund is a subset of the Governmental funds

There are other three major governmental funds. The activities of these funds are summarized in the following paragraphs.

Development Deferred Improvement Fund. This fund is a capital fund. It accounts for major project finance fees that are collected to pay for infrastructure and improvements required due to the additional burden created by development. Revenues for the year ended June 30, 2016 primarily consists of \$0.6 million in development impact fees and \$79 thousand for investment interest. Primary expenditures for the Development Deferred Improvement Fund are for capital projects, which were \$0.8 million. Public works projects were \$0.6 million. At June 30, 2016, the Development Deferred Improvement Fund held \$22.6 million in restricted fund balance.

Low/Mod Housing Fund. The Low/Mod Housing Fund is a special revenue fund that is used to develop, rehabilitate, and preserve affordable housing. Revenues are comprised of charges for services, interest on loans and investments and monitoring fees. Revenues decreased \$0.4 million to \$0.5 million for the year ended June 30, 2016. Expenditures total \$0.6 million and are classified as special projects. At June 30, 2016, the Low/Mod Housing Fund held \$33.7 million in restricted fund balance.

Open Space Fund. This fund accounts for revenue from the Open Space Preservation Tax. The assessments are placed on the tax roll and forwarded by the County with the property taxes. The assessment for fiscal year 2015/16 was \$0.6 million. Expenditures were for maintenance and totaled \$0.2 million. At June 30, 2016 the Open Space restricted fund balance was \$4.7 million, an increase in fund balance of \$0.4 million from the prior year.

Enterprise Funds

Net Position for the Enterprise Funds increased \$12.4 million, with positive and negative changes in the five major funds. The Water and Sewer Funds had a positive change in net assets of \$15.2 million, while Sanitation, Storm Sewer and Public Transportation had a combined decrease in net assets of \$2.8 million. Total Enterprise revenues increased \$4.3 million and expenses decreased \$1.4 million.

Water Fund. The operating revenues for this fund, which are charges for services to the residents of Davis and some residents in Yolo County, total \$15.3 million. An increase in water rates in January 2016 and a temporary reduction in the prior year rates created a \$3.2 million increase in revenue. Conservation has helped lower water consumption, with a 22.7% reduction in consumption in 2016.

Operating expenses for the Water Fund totaled \$11.0 million, with the primary expenses for water production, distribution, and system maintenance totaling \$6.0 million. There was a \$1.2 million increase in operating expenses from the prior year, primarily due to recognizing \$1.0 million increase in pension liability per the requirements of GASB 68. More information on pensions can be found in Footnote 12 to the financial statements.

Sanitation Fund. This fund had operating revenues of charges \$10.8 million. Operating revenues increased \$0.2 million from the prior year. Primary expenses are for waste removal, solid waste management and street sweeping, totaling \$11.1 million. Fund operating expenses increased \$0.8 million from the prior year primarily due to the increased costs in waste removal. Overall, the Sanitation Fund had a decrease in net assets of \$0.3 million.

Sewer Fund. Sewer Fund operating revenues were \$14.6 million for the current fiscal year, an increase of \$0.2 million over the prior year. A rate increase was schedule for January 1, 2016, but the City chose not to implement it. The primary operating expenses for the sewer fund are sewage collection and treatment, totaling \$5.5 million. Total operating expenses decreased from \$8.7 million to \$7.9 million. The Sewer Fund ended the year with a change in net position of \$7.0 million.

Storm Sewer Fund. The operating revenues totaled \$1.7 million. Charges for services increased \$40,238 from the prior year. Primary operating expenses are for maintenance of the storm drainage system totaling \$1.3 million. Total operating expenses were \$3.7 million, a minor decrease from fiscal year 2014/15. The Storm Sewer Fund ended the year with a net loss of \$1.9 million.

Public Transit Fund. This fund's revenues consist primarily of operating grants and contributions in the amount of \$3.2 million. The City has a pass through agreement with the University of California-Davis to provide partial funding for public transportation services (Unitrans). Grants and contributions decreased \$3.0 million from the prior year, due to the completion of a Unitrans capital project. Primary operating expenses are for the provision of public and special transportation services totaling \$3.6 million. This reflects a decrease in expenses of \$2.7 million from the previous year. The fund net position was \$2.5 million.

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 Redevelopment Agency. An Agency Fund reports resources held by the City in a custodial capacity for individuals, private organizations and other governments.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the City's investment in capital assets totaled \$582.2 million, net of depreciation, invested in a broad range of capital assets used in governmental and business-type activities, as shown in Table 5 below (further detail can be found in Note 8 in Notes to the Financial Statements):

Table 5
Capital Assets at June 30, 2016 and 2015
(in Millions)

	2016	2015	Net Change
Governmental Activities:			
Land	\$ 56.067	\$ 56.067	-
Construction in progress	16.194	12.488	3.706
Buildings and improvements	44.657	43.528	1.129
Equipment	10.886	9.806	1.080
Infrastructure - Streets	259.057	257.029	2.028
Infrastructure - Parks	65.018	63.202	1.816
Infrastructure - Bike/Ped Paths	15.342	15.342	-
Less accumulated depreciation	(224.408)	(217.102)	(7.306)
Total	<u>\$ 242.813</u>	<u>\$ 240.360</u>	<u>\$ 2.453</u>
Business-Type Activities:			
Land	\$ 21.783	\$ 21.783	\$ -
Construction in progress	136.126	90.282	45.844
Buildings	150.156	150.156	-
Pipes and Lines	167.723	167.723	-
Equipment	11.691	11.148	0.543
Less accumulated depreciation	(148.103)	(141.545)	(6.558)
Total	<u>\$ 339.376</u>	<u>\$ 299.547</u>	<u>\$ 39.829</u>

Capital assets, before depreciation, increased \$56.1 million, mainly due to construction in progress. The increase in business-type activities is for expenditures for the Surface Water Project (\$26.4 million) and the Waste Water Treatment Plant (\$18.6 million). Capital expenditures for governmental activities included \$4.7 million for transportation infrastructure rehabilitation, \$1.9 million for the 5th Street corridor improvements, \$1.7 for the street light conversion project and \$2.0 million for improvements to Central Park and Rainbow City.

Debt Administration

Each of the City's debt issues is discussed in detail in Note 9 in Notes to the Financial Statements. At June 30, 2016, the City's debt comprised:

Table 6
Outstanding Debt at June 30, 2016 and 2015
(in Millions)

	<u>2016</u>	<u>2015</u>	<u>Net Change</u>
Governmental activities: *			
Long Term Employee Benefits	\$ 84.992	\$ 70.494	\$ 14.498
Business-type activities:			
Long Term Debt	85.193	41.617	43.576
Long Term Employee Benefits	<u>22.707</u>	<u>20.412</u>	<u>2.295</u>
Total	<u>\$ 192.892</u>	<u>\$ 132.523</u>	<u>\$ 60.369</u>

Long term debt for both the governmental and business-type activities increased in fiscal year 2015/16. Increases in long term employee benefits were due to the increase in net pension liability. Please refer to Note 12 in the Notes to the Financial Statements for more information. The Business-type activities long term debt increased \$43.6 million. The City has acquired two loans from the State to fund major projects. State Revolving Fund (SRF) Loan #3 is used to fund the Wastewater Treatment Plant. The draw for the current fiscal year was \$20.0 million. SRF Loan #4 is for the Surface Water Pipeline project. The draw on that loan was \$8.1 million. The City retired State Revolving Loan #2 in August 2015. Note 9 in the Notes to the Financial Statements provide more information on the specifics of each loan.

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 \$38.1 million with related unamortized discounts of \$0.5 million, to be amortized over the life of the bonds.

Special Assessment District Debt

At June 30, 2016, a total of \$33.8 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. In the current fiscal year, a new district was formed and bonds were issued for the Cannery development to pay for the improvements and amenities.

ECONOMIC OUTLOOK

Economic Factors

Based on the current forecast, the City is showing signs of continuing recovery. The projection for new single family homes is 168, creating a positive effect on property taxes with a projected increase of 5%.

The City placed Measure “O” on the June 2014 ballot, which passed voter approval, adding an additional 0.5% to the local tax rate and extending the current rate through December 31, 2020. This increased the current local sales tax rate from 8% to 8.50%. Sales Tax revenues are projected to increase 6% in FY 16/17. The City will continue to look for opportunities for revenue growth, while maintaining the progress made in reducing expenditures.

Next Year’s Budget

Total All Funds Revenue for FY 2016/17 is budgeted at \$202.9 million with General Fund revenues totaling \$54.4 million. Sales Tax revenue for FY 2016/17 is budgeted at \$15.9 million, an increase of \$2.2 million over the FY 2015/16 Adopted Budget. One time revenues include approximately \$2.4 million from the Facility Maintenance Fund. The funds will be used for a variety of project improvements in and around the city facilities and parks.

Total All Funds Expenditures for the City in FY 2016/17 are budgeted at \$210.7 million with General Fund expenditures totaling \$62.1 million. This includes \$1.3 million in General Fund carryover expenditures from FY 2015/16. Total capital expenditures account for \$62.4 million of the Adopted All Funds budget with 94.3% of the budget committed to Transportation (\$18.0 million), Water (\$5.8 million) and Wastewater (\$35.1 million) projects.

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 concerning any of the information provided in this report should be directed to the Finance Department at FinanceWeb@cityofdavis.org.

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<p style="text-align: center;">STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES</p>

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

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

The City's Governmental Activities include the activities of its General Fund, along with all its Special Revenue, Capital Projects and Debt Service Funds. Since the City's Internal Service Funds service these Funds, their activities are consolidated with Governmental Activities, after eliminating interfund transactions and balances. The City's Business-Type Activities include all its Enterprise Fund activities.

The Statement of Activities reports increases and decreases in the City's Net Position. It is also prepared on the full accrual basis, which means it includes all the City's revenues and all its expenses, regardless of when cash changes hands. This differs from the modified accrual basis used in the Fund financial statements, which reflect only current assets, current liabilities, available revenues and measurable expenditures.

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

Both these Statements include the financial activities of the City and the Public Facilities Financing Authority which are legally separate but are considered to be component units of the City because they are controlled by the City, which is financially accountable for their activities.

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CITY OF DAVIS
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 4)	\$70,475,138	\$53,112,245	\$123,587,383
Cash with fiscal agents (Note 4)		1,680,538	1,680,538
Accrued interest	70,990	89,086	160,076
Receivables:			
General accounts	8,715,854	2,970,967	11,686,821
Grants	2,586,059	3,072,539	5,658,598
Utility accounts	488,899	3,989,792	4,478,691
Loans (Note 6)	33,646,330		33,646,330
Mortgages (Note 6)	355,265		355,265
Prepaid expenses	20,584		20,584
Inventory (Note 11)	333,634		333,634
Internal balances (Note 5D)	3,399,899	(3,399,899)	
Capital assets (Note 7):			
Non-depreciable	72,261,655	157,909,192	230,170,847
Depreciable, net of depreciation	170,551,635	181,467,409	352,019,044
Total Assets	362,905,942	400,891,869	763,797,811
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension (Note 12)	16,414,241	3,437,803	19,852,044
Total Assets and Deferred Outflows of Resources	379,320,183	404,329,672	783,649,855
LIABILITIES			
Payables:			
Accounts and other accrued liabilities	2,311,287	6,597,497	8,908,784
Wages	1,423,636	236,419	1,660,055
Grants	6,639		6,639
Interest		282,850	282,850
Deposits	3,205,284	54,625	3,259,909
Unearned revenue (Note 8)	950,787	2,318,202	3,268,989
Claims payable (Note 15):			
Due within one year	115,512		115,512
Due in more than one year	216,627		216,627
Compensated absences (Note 3):			
Due within one year	110,817	449,977	560,794
Due in more than one year	2,390,521		2,390,521
Long-term debt (Note 9):			
Due within one year		1,133,891	1,133,891
Due in more than one year		63,980,537	63,980,537
Long-term note payable to JPA (Note 16)			
Due within one year		163,976	163,976
Due in more than one year		21,212,141	21,212,141
OPEB liability, due in more than one year (Note 13)	11,189,640	3,025,990	14,215,630
Net pension liability (Note 12)	73,802,448	19,681,269	93,483,717
Total Liabilities	95,723,198	119,137,374	214,860,572
DEFERRED INFLOWS OF RESOURCES			
Related to pension (Note 12)	9,537,399	3,522,541	13,059,940
Total Liabilities and Deferred Inflows of Resources	105,260,597	122,659,915	227,920,512
NET POSITION (Note 1):			
Net investment in capital assets	242,813,290	274,098,197	516,911,487
Restricted for:			
Capital projects	28,089,376		28,089,376
Housing	35,492,774		35,492,774
Special revenue projects	5,783,074		5,783,074
Total Restricted Net Position	69,365,224		69,365,224
Unrestricted	(38,118,928)	7,571,560	(30,547,368)
Total Net Position	\$274,059,586	\$281,669,757	\$555,729,343

See accompanying notes to financial statements

CITY OF DAVIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
City council	\$145,424			
City attorney	323,152			
City manager	2,278,240	\$1,198,861	\$798,729	
Administrative services	2,947,477	2,161,816		
Community development	4,911,814	4,365,102	369,657	\$49,632
Parks and community services	12,508,057	3,306,893	159,458	4,773
Public safety - fire	11,349,669	1,262,129	2,165,837	
Public safety - police	19,042,722	1,024,642	2,021,989	
Public works	9,288,290	2,358,366	2,382,571	970,967
Special projects	7,693,751	15,000	229,335	
Interest on long-term debt	1,700			
Total Governmental Activities	70,490,296	15,692,809	8,127,576	1,025,372
Business-type Activities:				
Water	10,973,763	15,343,083	2,000	
Sanitation	11,146,472	10,805,280		
Sewer	7,937,827	14,595,546		
Storm sewer	3,940,656	1,724,277		
Public transit	3,639,352	34,104	3,197,273	40,000
Total Business-type Activities	37,638,070	42,502,290	3,199,273	40,000
Total	\$108,128,366	\$58,195,099	\$11,326,849	\$1,065,372
General revenues:				
Taxes:				
Property taxes				
Sales taxes				
Municipal services				
Business license				
Park maintenance				
Construction				
Open space protection				
Franchise				
Transient occupancy				
Transfer				
Intergovernmental, unrestricted:				
Motor vehicle in-lieu				
Investment earnings				
Miscellaneous				
Total general revenues				
Change in Net Position				
Beginning Net Position				
Ending Net Position				

See accompanying notes to financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
(\$145,424)		(\$145,424)
(323,152)		(323,152)
(280,650)		(280,650)
(785,661)		(785,661)
(127,423)		(127,423)
(9,036,933)		(9,036,933)
(7,921,703)		(7,921,703)
(15,996,091)		(15,996,091)
(3,576,386)		(3,576,386)
(7,449,416)		(7,449,416)
(1,700)		(1,700)
(45,644,539)		(45,644,539)
	\$4,371,320	4,371,320
	(341,192)	(341,192)
	6,657,719	6,657,719
	(2,216,379)	(2,216,379)
	(367,975)	(367,975)
	8,103,493	8,103,493
(45,644,539)	8,103,493	(37,541,046)
13,721,604		13,721,604
16,192,725		16,192,725
2,878,914		2,878,914
1,719,258		1,719,258
1,367,935		1,367,935
1,167,502		1,167,502
644,914		644,914
1,704,481		1,704,481
1,453,819		1,453,819
306,001		306,001
6,146,238		6,146,238
468,830	306,459	775,289
2,165,109	4,005,603	6,170,712
49,937,330	4,312,062	54,249,392
4,292,791	12,415,555	16,708,346
269,766,795	269,254,202	539,020,997
\$274,059,586	\$281,669,757	\$555,729,343

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FINANCIAL STATEMENTS

MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal year 2016. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

This fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund of the City.

LOW/MOD INCOME 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 funded by Federal HOME and Supportive Housing Grants and 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.

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
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016

	General	Low/ Mod Housing Fund	Open Space	Development Deferred Improvement
ASSETS				
Cash and investments (Note 4)	\$19,809,139	\$1,145,667	\$4,646,863	\$16,744,808
Accrued interest	18,527	1,440	4,273	20,960
Receivables:				
General accounts	7,484,108	842,000	33,064	1,115
Grants	965,289	16,171		
Utility accounts	261,805			
Loans (Note 6)	137,664	31,671,763		44,775
Mortgages (Note 6)		355,265		
Due from other funds (Note 5B)				6,033,211
Total Assets	\$28,676,532	\$34,032,306	\$4,684,200	\$22,844,869
LIABILITIES				
Payables:				
Accounts and other accrued liabilities	\$963,106	\$38,561	\$211	\$99,970
Wages	1,261,416	3,451	2,615	
Grants				6,639
Deposits	3,047,065	26,006		132,213
Unearned revenue (Note 8)	829,950			
Due to other funds (Note 5B)				
Total Liabilities	6,101,537	68,018	2,826	238,822
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (Note 8)	885,506	16,171		
Unavailable mortgages (Note 8)		241,055		
Total Deferred Inflows of Resources	885,506	257,226		
FUND BALANCES				
Fund balance (Note 11):				
Nonspendable	137,664			
Restricted		33,707,062	4,681,374	22,606,047
Committed				
Unassigned	21,551,825			
Total Fund Balances	21,689,489	33,707,062	4,681,374	22,606,047
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$28,676,532	\$34,032,306	\$4,684,200	\$22,844,869

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$8,225,256	\$50,571,733
7,661	52,861
294,190	8,654,477
1,604,599	2,586,059
227,094	488,899
1,792,128	33,646,330
	355,265
	6,033,211
<u>\$12,150,928</u>	<u>\$102,388,835</u>
\$250,809	\$1,352,657
19,406	1,286,888
	6,639
	3,205,284
120,837	950,787
<u>1,150,517</u>	<u>1,150,517</u>
<u>1,541,569</u>	<u>7,952,772</u>
478,754	1,380,431
	241,055
<u>478,754</u>	<u>1,621,486</u>
	137,664
6,917,055	67,911,538
3,620,540	3,620,540
<u>(406,990)</u>	<u>21,144,835</u>
<u>10,130,605</u>	<u>92,814,577</u>
<u>\$12,150,928</u>	<u>\$102,388,835</u>

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CITY OF DAVIS
RECONCILIATION OF THE
GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
JUNE 30, 2016

Total fund balances reported on the governmental funds balance sheet	\$92,814,577
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Amounts reported for Governmental Activities in the Statement of Net Position are different from those reported in the Governmental Funds above because of the following:

CAPITAL ASSETS

Capital assets net of accumulated depreciation used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	236,886,759
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ALLOCATION OF INTERNAL SERVICE FUND NET POSITION

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

Cash and investments	19,903,405
Accrued interest	18,129
Accounts receivable	61,377
Inventory	333,634
Prepays	20,584
Capital assets, net	5,926,531
Accounts payable	(958,630)
Wages payable	(136,748)
Claims payable	(332,139)
Leave benefits payable	(110,817)
Net pension liability and related deferred outflows and inflows of resources	(5,362,402)
Internal balances	(1,482,795)

ACCRUAL OF NON-CURRENT REVENUES AND EXPENSES

Revenues which are deferred on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities.	1,621,486
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LONG-TERM ASSETS AND LIABILITIES

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

Net OPEB obligation, due in more than one year	(11,189,640)
Net pension liability and related deferred outflows and inflows of resources	(61,563,204)
Non-current portion of compensated absences	(2,390,521)

NET POSITION OF GOVERNMENTAL ACTIVITIES	\$274,059,586
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See accompanying notes to financial statements

CITY OF DAVIS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	General	Low/ Mod Housing Fund	Open Space	Development Deferred Improvement
REVENUES				
Taxes	\$44,727,677		\$644,914	
Fines and forfeitures	660,313			
Use of money and property	1,359,133	\$63,249	16,099	\$78,981
Intergovernmental	512,491	258,713		
Charges for current services	9,549,157	167,649		
Development fees				636,573
Administrative fee - other funds	2,260,871			
Other	3,443,491	4,357		1,537
Total Revenues	62,513,133	493,968	661,013	717,091
EXPENDITURES				
Current:				
City Council	162,094			
City Attorney	323,152			
City Manager	2,499,230			
Administrative services	2,493,166			93,377
Community development	5,155,537			
Parks and community services	9,939,664		238,436	
Public safety - fire	9,105,706			
Public safety - police	16,451,219			
Public works	2,574,938			594,047
Special projects	567,900	631,192		12,186
Capital outlay	7,234,569			773,312
Debt service				
Interest and fiscal charges				
Total Expenditures	56,507,175	631,192	238,436	1,472,922
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,005,958	(137,224)	422,577	(755,831)
OTHER FINANCING SOURCES (USES)				
Transfers in (Note 5A)				
Transfers out (Note 5A)				
Total Other Financing Sources (Uses)				
NET CHANGE IN FUND BALANCES	6,005,958	(137,224)	422,577	(755,831)
BEGINNING FUND BALANCES	15,683,531	33,844,286	4,258,797	23,361,878
ENDING FUND BALANCES	\$21,689,489	\$33,707,062	\$4,681,374	\$22,606,047

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$2,412,486	\$47,785,077
	660,313
123,495	1,640,957
4,246,957	5,018,161
2,576,454	12,293,260
161,147	797,720
	2,260,871
27	3,449,412
9,520,566	73,905,771
	162,094
	323,152
12,714	2,511,944
680,327	3,266,870
71,806	5,227,343
1,503,063	11,681,163
1,469,357	10,575,063
1,660,539	18,111,758
2,680,354	5,849,339
6,531,543	7,742,821
976,757	8,984,638
1,700	1,700
15,588,160	74,437,885
(6,067,594)	(532,114)
382,804	382,804
(382,804)	(382,804)
(6,067,594)	(532,114)
16,198,199	93,346,691
\$10,130,605	\$92,814,577

CITY OF DAVIS
RECONCILIATION OF THE
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
WITH THE
STATEMENT OF NET ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

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

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	(\$532,114)
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Amounts reported for governmental activities in the Statement of Activities are different because of the following:

CAPITAL ASSETS TRANSACTIONS

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

The capital outlay is therefore added back to fund balance	8,984,638
Other capitalized expenditures are added back to fund balance	55,047
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$852,285 which has already been allocated to serviced funds)	(6,753,287)

ACCRUAL OF NON-CURRENT ITEMS

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

Unavailable revenue	463,780
Compensated absences	(200,056)
Net OPEB obligation	349,489
Net pension liability and related deferred outflows and inflows of resources	(1,930,074)

ALLOCATION OF INTERNAL SERVICE FUND ACTIVITY

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

Change in Net Position - All Internal Service Funds	3,855,368
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$4,292,791
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See accompanying notes to financial statements

MAJOR PROPRIETARY FUNDS

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

ENTERPRISE FUNDS:

Water Fund

This fund accounts for the revenues and expenses of the City's water operations.

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 revenues and expenses of the City's sewer operations.

Storm Sewer Fund

This fund accounts for the provision of storm drain services to residents of the City and some residents of the County.

Public Transit Fund

This fund accounts for the revenues and expenses of the City's public transit operations.

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.

CITY OF DAVIS
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2016

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
ASSETS				
Current Assets:				
Cash and investments (Note 4)	\$19,810,036	\$2,131,024	\$26,578,152	\$4,593,033
Cash with fiscal agents (Note 4)	1,680,538			
Accrued interest	18,034	1,871	64,979	4,202
Receivables:				
General accounts	2,181,012	2,422	781,413	5,278
Grants				
Utility accounts	1,511,643	961,757	1,206,800	309,592
Inventory (Note 11)				
Prepaid items				
Total Current Assets	25,201,263	3,097,074	28,631,344	4,912,105
Noncurrent Assets:				
Advances to other funds (Note 5C)			7,554,889	
Capital Assets (Note 7)				
Non-depreciable				
City's investment in JPA facilities (Note 16)	61,642,334			
Land and construction in progress	21,293,702		70,559,870	4,413,286
Depreciable				
Accumulated depreciation	133,066,074		90,691,784	101,483,928
	(52,877,104)		(50,983,666)	(42,468,325)
Total Noncurrent Assets	163,125,006		117,822,877	63,428,889
Total Assets	188,326,269	3,097,074	146,454,221	68,340,994
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension (Note 12)	1,401,606	219,397	1,443,563	368,867
Total Assets and Deferred Outflows of Resources	189,727,875	3,316,471	147,897,784	68,709,861
LIABILITIES				
Current Liabilities:				
Accounts payable	2,631,041	839,898	2,676,262	3,267
Wages payable	75,850	22,977	99,710	24,324
Interest payable	282,850			
Compensated absences (Note 3)	180,791	36,070	188,500	30,261
Deposits	44,625		10,000	
Unearned revenue (Note 8)	71,949	949,149	1,143,711	153,393
Due to other funds (Note 5B)				
Claims payable (Note 15)				
Long-term debt, due in one year (Note 9)	1,133,891			
Long-term note payable to JPA, due in one year (Note 16)	163,976			
Total Current Liabilities	4,584,973	1,848,094	4,118,183	211,245
Noncurrent Liabilities:				
Advances from other funds (Note 5C)	7,554,889		396,310	396,310
Net OPEB obligation	1,349,195	122,088	1,284,535	260,814
Claims payable (Note 15)				
Net pension liability (Note 12)	8,024,133	1,256,038	8,264,331	2,111,746
Long-term debt, due in more than one year (Note 9)	43,960,202		20,020,335	
Long-term note payable to JPA, due in more than one year (Note 16)	21,212,141			
Total Noncurrent Liabilities	82,100,560	1,378,126	29,965,511	2,768,870
Total Liabilities	86,685,533	3,226,220	34,083,694	2,980,115
DEFERRED INFLOWS OF RESOURCES				
Related to pension (Note 12)	1,436,154	224,805	1,479,145	377,959
Total Liabilities and Deferred Inflows of Resources	88,121,687	3,451,025	35,562,839	3,358,074
NET POSITION (Note 11)				
Net investment in capital assets	117,866,937		90,247,653	63,428,889
Unrestricted	(16,260,749)	(134,554)	22,087,292	1,922,898
Total Net Position	\$101,606,188	(\$134,554)	\$112,334,945	\$65,351,787

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
	\$53,112,245	\$19,903,405
	1,680,538	
	89,086	18,129
\$842	2,970,967	61,377
3,072,539	3,072,539	
	3,989,792	
		333,634
		20,584
3,073,381	64,915,167	20,337,129
	7,554,889	792,620
	61,642,334	
	96,266,858	98,114
4,328,560	329,570,346	14,533,750
(1,773,842)	(148,102,937)	(8,705,333)
2,554,718	346,931,490	6,719,151
5,628,099	411,846,657	27,056,280
4,370	3,437,803	932,656
5,632,469	415,284,460	27,988,936
447,029	6,597,497	958,630
13,558	236,419	136,748
	282,850	
14,355	449,977	110,817
	54,625	
	2,318,202	
2,607,279	2,607,279	2,275,415
		115,512
	1,133,891	
	163,976	
3,082,221	13,844,716	3,597,122
	8,347,509	
9,358	3,025,990	
		216,627
25,021	19,681,269	5,339,414
	63,980,537	
	21,212,141	
34,379	116,247,446	5,556,041
3,116,600	130,092,162	9,153,163
4,478	3,522,541	955,644
3,121,078	133,614,703	10,108,807
2,554,718	274,098,197	5,926,531
(43,327)	7,571,560	11,953,598
\$2,511,391	\$281,669,757	\$17,880,129

CITY OF DAVIS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
OPERATING REVENUES				
Charges for current services	\$15,343,083	\$10,805,280	\$14,595,546	\$1,724,277
Total Operating Revenues	15,343,083	10,805,280	14,595,546	1,724,277
OPERATING EXPENSES				
Administrative and billing	1,660,988	526,086	485,033	289,826
Payments to general government	296,379	277,248	234,897	55,365
Water production	3,156,062			
Water distribution	1,451,135			
Water system maintenance	1,397,196			
Street sweeping		825,031		
Waste removal and solid waste management		9,518,107		
Sewage collection			1,839,044	
Sewage treatment			3,685,926	
Storm drainage system maintenance				1,492,475
Public transportation service				
Special transportation service				
Central stores				
Central equipment				
Duplication - postal				
City administrative facility maintenance				
Insurance administration				
Insurance premiums				
Litigation				
MIS services				
OPEB expense				
Depreciation	2,631,830		1,783,426	2,005,218
Other	380,172		(90,499)	97,772
Total Operating Expenses	10,973,762	11,146,472	7,937,827	3,940,656
Operating Income (Loss)	4,369,321	(341,192)	6,657,719	(2,216,379)
NONOPERATING REVENUES (EXPENSES)				
Interest income	63,468	6,881	220,277	15,833
Interest (expense)	(1)			
Operating grants and subventions	2,000			
Other	3,806,326	19,642	134,298	45,337
Total Nonoperating Revenues (Expenses)	3,871,793	26,523	354,575	61,170
Change in net position	8,241,114	(314,669)	7,012,294	(2,155,209)
BEGINNING NET POSITION	93,365,074	180,115	105,322,651	67,506,996
ENDING NET POSITION	\$101,606,188	(\$134,554)	\$112,334,945	\$65,351,787

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
\$34,104	\$42,502,290	\$25,917,541
34,104	42,502,290	25,917,541
	2,961,933	
	863,889	
	3,156,062	
	1,451,135	
	1,397,196	
	825,031	
	9,518,107	
	1,839,044	
	3,685,926	
	1,492,475	
2,876,762	2,876,762	
625,426	625,426	
		269,765
		1,059,286
		130,394
		1,869,269
		358,424
		13,068,392
		116,487
		2,071,759
		2,679,648
137,164	6,557,638	852,285
	387,445	
3,639,352	37,638,069	22,475,709
(3,605,248)	4,864,221	3,441,832
	306,459	61,691
	(1)	
3,237,273	3,239,273	
	4,005,603	351,845
3,237,273	7,551,334	413,536
(367,975)	12,415,555	3,855,368
2,879,366	269,254,202	14,024,761
\$2,511,391	\$281,669,757	\$17,880,129

CITY OF DAVIS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$18,359,719	\$10,856,584	\$14,434,127	\$1,759,970
Payments to suppliers	(3,746,205)	(10,331,792)	(4,879,048)	(1,552,026)
Payments to employees	(998,234)	(641,192)	(1,172,595)	(224,411)
Claims paid				
Other revenue (expenses)	(380,172)		90,499	(97,772)
Cash Flows from Operating Activities	13,235,108	(116,400)	8,472,983	(114,239)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants and contributions	2,000			
Interfund receipts			83,037	
Interfund (payments)	(141,939)			(58,902)
Cash Flows from Noncapital Financing Activities	(139,939)		83,037	(58,902)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
(Acquisitions) of capital assets	(40,808,868)		(18,887,176)	(23,750)
Reimbursement from JPA	13,400,000			
Issuance of long-term debt	29,437,511		20,020,335	
Principal payments on capital debt	(1,099,703)		(3,484,727)	
Interest paid	(2,041)		(90,888)	
Cash Flows from Capital and Related Financing Activities	926,899		(2,442,456)	(23,750)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	49,414	6,287	211,823	14,417
Cash Flows from Investing Activities	49,414	6,287	211,823	14,417
Net Cash Flows	14,071,482	(110,113)	6,325,387	(182,474)
Cash and investments at beginning of period	7,419,092	2,241,137	20,252,765	4,775,507
Cash and investments at end of period	\$21,490,574	\$2,131,024	\$26,578,152	\$4,593,033
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating income (loss)	\$4,369,321	(\$341,192)	\$6,657,719	(\$2,216,379)
Litigation settlement and other	3,806,326	19,642	134,298	45,337
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	2,631,830		1,783,426	2,005,218
Other revenues				
Change in assets and liabilities:				
Receivables:				
General accounts	(495,651)	(1,938)	(351,369)	1,636
Utility accounts	(307,536)	10,817	122,670	(10,759)
Inventory				
Accounts payable	2,258,188	11,346	645,922	(59,551)
Wages payable	(2,274)	14,072	(5,134)	2,667
Leave benefits payable	(5,352)	4,193	14,232	(2,367)
Claims payable				
Unearned revenue	13,497	22,783	(67,018)	(521)
Net OPEB obligations	(42,140)	(3,813)	(40,120)	(8,146)
Net pension liability, deferred outflows and deferred inflows	1,008,899	147,690	(421,643)	128,626
Cash Flows from Operating Activities	\$13,235,108	(\$116,400)	\$8,472,983	(\$114,239)

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
\$33,906	\$45,444,306	\$26,240,595
(3,190,212)	(23,699,283)	(16,214,794)
	(3,036,432)	(5,880,466)
	(387,445)	(143,187)
<u>(3,156,306)</u>	<u>18,321,146</u>	<u>4,002,148</u>
794,365	796,365	
2,429,640	2,512,677	117,804
	(200,841)	(353,350)
<u>3,224,005</u>	<u>3,108,201</u>	<u>(235,546)</u>
(67,747)	(59,787,541)	(1,018,692)
	13,400,000	
	49,457,846	
	(4,584,430)	
	(92,929)	
<u>(67,747)</u>	<u>(1,607,054)</u>	<u>(1,018,692)</u>
<u>48</u>	<u>281,989</u>	<u>52,983</u>
<u>48</u>	<u>281,989</u>	<u>52,983</u>
	20,104,282	2,800,893
	34,688,501	17,102,512
	<u>\$54,792,783</u>	<u>\$19,903,405</u>
(\$3,605,248)	\$4,864,221	\$3,441,832
	4,005,603	
137,164	6,557,638	852,285
		351,845
(198)	(847,520)	(26,383)
	(184,808)	
		16,202
310,982	3,166,887	724,616
1,243	10,574	(23,304)
607	11,313	(52,603)
		(26,700)
	(31,259)	
(292)	(94,511)	
(564)	863,008	(1,255,642)
<u>(\$3,156,306)</u>	<u>\$18,321,146</u>	<u>\$4,002,148</u>

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FIDUCIARY FUNDS

FIDUCIARY FUNDS**REDEVELOPMENT (RDA) 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.

AGENCY FUNDS

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

CITY OF DAVIS
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

	RDA Obligation Retirement Private-Purpose Trust Fund	Agency Funds
ASSETS		
Current assets:		
Cash and investments (Note 4)	\$2,480,537	\$30,243,249
Cash with fiscal agents (Note 4)	16,949,820	2,647,774
Accounts receivable		135,366
Loans receivable (Note 19D)	218,023	
Accrued interest receivable		25,959
	<u>\$19,648,380</u>	<u>\$33,052,348</u>
Total Assets		
LIABILITIES		
Current liabilities:		
Accounts payable		\$1,301,921
Wages payable	\$2,226	
Interest payable	473,566	
Deposits payable		50,000
Long-term debt, due in one year (Note 19F)	1,160,000	
Due to members		22,669,370
Due to bondholders		9,031,057
Noncurrent liabilities:		
Long-term debt, due in more than one year (Note 19F)	38,088,246	
	<u>39,724,038</u>	<u>\$33,052,348</u>
Total Liabilities		
NET POSITION	<u>(\$20,075,658)</u>	

See accompanying notes to financial statements

CITY OF DAVIS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	RDA Obligation Retirement Private-Purpose Trust Fund
	<u> </u>
ADDITIONS	
Property tax revenues	\$3,767,711
Investment earnings	<u>3,232</u>
Total additions	<u>3,770,943</u>
DEDUCTIONS	
Program expenses	328,366
Interest and fiscal charges	<u>2,356,826</u>
Total deductions	<u>2,685,192</u>
CHANGES IN NET POSITION	1,085,751
Beginning net position	<u>(21,161,409)</u>
Ending net position	<u><u>(\$20,075,658)</u></u>

See accompanying notes to financial statements

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CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

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 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 Unit

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. Separate financial statements are not prepared for the Authority.

B. *Basis of Presentation*

The City's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A. 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
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

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.

C. Major Funds

Major funds are defined as funds that have either assets and deferred outflows, liabilities and deferred inflows, 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.

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 funded by Federal HOME and Supportive Housing Grants and is used to account for housing assets of the former City Redevelopment Agency upon acceptance of the Housing Successor role by the City.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

REDEVELOPMENT (RDA) 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 (RDA) Obligation Retirement Private-Purpose Trust Fund effective February 1, 2012.

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, University Research Park, Special Assessment Parking District #3, the Woodland-Davis Clean Water Agency JPA and Cannery Community Facilities District and Debt Service Fund.

D. *Basis of Accounting*

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

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

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

E. *Utility Service Billing*

The City bills and collects service charges for water, sanitation, sewer and storm sewer service. The City's utility accounts for sewer, sanitation and storm sewer are billed flat rates for services on a monthly basis, on the 1st of the month. Water is billed on a consumption basis in arrears for the prior month. The City also collects two additional charges for general government purposes, a Municipal Service Tax, and Public Safety charge, on the bills with the utility services. Utility billing for all services charges types are included in a single bill on each billing date.

The City has recorded all utility accounts receivable outstanding at June 30, 2016, and has deferred revenue recognition on the June 29, 2016, monthly billing, representing July service.

F. *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 and liquidated by each proprietary fund. The liability for compensated absences is determined annually.

G. *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.

H. *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
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. 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.

J. 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.

K. 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. Generally capital assets acquisitions in excess of \$25,000 are capitalized if they have an expected useful life of greater than three years, and are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets. Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The City has assigned the useful lives listed below to capital assets:

Buildings	50 years
Improvements	10-40 years
Vehicles	3-20 years
Computers	5-7 years
Equipment	3-20 years
Streets	25-40 years
Parks and Greenbelts	20-50 years
Belt and Pedestrian Pathways	30-75 years
Utility Underground Systems	20-50 years

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *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.

M. *Deferred Outflows/Inflows of Resources:*

In addition to assets, the Statements of Net Position and Governmental Fund Balance Sheet report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an expense/expenditure until then.

This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: intergovernmental and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

N. *Net Position*

The government-wide, business type activities, and fiduciary 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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. 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.

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, both of which are equally binding), 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. The City did not have assigned fund balances as of June 30, 2016.

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.

P. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2016.

GASB Statement No. 72 – *Fair Value Measurement and Application*. The intention of this Statement is to enhance the comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. It also enhances fair value application guidance and related disclosures.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to reduce the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55. The statement is effective for the periods beginning after June 15, 2015, or the 2015-2016 fiscal year.

GASB Statement No. 79 – *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to address for certain external investment pool and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. This statement is effective for the periods beginning after December 15, 2015, or the 2015-2016 fiscal year.

Q. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

NOTE 2 – DEFICIT FUND EQUITY

The following funds have deficit fund equity:

<u>Proprietary Fund</u>	
Sanitation	\$134,554
<u>Special Revenue Fund</u>	
Operational Grants	406,990
<u>Internal Service Funds</u>	
Building Maintenance	302,162
Employee Benefits	2,363,636

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 3 – COMPENSATED ABSENCES

Compensated Absences - The long-term portion of the liability for vested vacation, time off in lieu of overtime and sick pay for governmental fund type operations is recorded as compensated absences in the government-wide financial statements. The portion expected to be permanently liquidated (matured due to termination) is recorded in the governmental funds. Vested vacation and sick pay of proprietary fund type operations is recorded in the respective proprietary fund type. Compensated absences attributable to governmental funds are typically liquidated by the General Fund. Compensated Absences are presented below as of June 30, 2016:

The changes in compensated absences were as follow:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$2,353,885	\$438,664	\$2,792,549
Additions	2,894,942	380,753	3,275,695
Payments	(2,747,489)	(369,440)	(3,116,929)
Ending Balance	<u>\$2,501,338</u>	<u>\$449,977</u>	<u>\$2,951,315</u>
Current Portion	<u>\$110,817</u>	<u>\$449,977</u>	<u>\$560,794</u>

NOTE 4 - CASH AND INVESTMENTS

A. 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.

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 4 - CASH AND INVESTMENTS (Continued)

B. 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 than 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 of 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 Bills, Notes and Bonds	5 years	No Limit	No Limit	No Limit
Federal Agency Obligations	5 years	No Limit	No Limit	20%
Banker's Acceptances	180 days	No Limit	40%	*
Commercial Paper	270	AA	15%	10%
Negotiable Certificates of Deposit	2 years	No Limit	30%	No Limit
Local Agency Investment Program	No Limit	No Limit	No Limit	\$65 million per account
California Asset Management Program	No Limit	No Limit	No Limit	No Limit
Certificate of Deposit	5 years	No Limit	No Limit	No Limit
Medium-Term Corporate Notes	5 years	AA	30%	10%
Money Market Mutual Funds	No Limit	AAA	20%	10%
Repurchase Agreements	1 year	No Limit	No Limit	No Limit
Security Swaps	No Limit	No Limit	No Limit	No Limit

* No more than \$ 5 million or 10% of the cost of the portfolio, which is less.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 4 - CASH AND INVESTMENTS (Continued)

C. 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.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality
Federal Securities	No limit	N/A
U.S. Government Obligations	No limit	N/A
U.S. Government Sponsored Obligations	No limit	N/A
Banker's Acceptances	360 days	A-1+
Money Market Account	N/A	Aam - AAAm
Money Market Mutual Funds	N/A	AAAm
FDIC Insured Deposits	1 year	N/A
Investment Agreements	No limit	AA - AAAm
Commercial Paper	None to 270 days	A-1 - A-1+
State Obligations:		
General Obligations:	N/A	A
General Short-Term Obligations	No limit	A-1
Special Revenue Bonds	No limit	AA
Federal Funds	360 to 365 days	A-1
Repurchase Agreements	30 days	A
Local Agency Investment Fund	N/A	N/A
Pre-Refunded Municipal Obligations	No limit	AAA
Any investment meeting the requirement for "hedge bond" status	N/A	N/A

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 4 - CASH AND INVESTMENTS (Continued)

D. 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, 2016, are as follows:

City Cash and Investments in Primary Government:	
Cash and investments	\$123,587,383
Restricted cash and investments	<u>1,680,538</u>
Total City Cash and Investments in Primary Government	<u>125,267,921</u>
Cash and Investments in Fiduciary Funds	
Cash and investments	32,723,786
Restricted cash and investments	<u>19,597,594</u>
Total Fiduciary Funds Cash and Investments	<u>52,321,380</u>
Total Cash and Investments	<u><u>\$177,589,301</u></u>

Cash and Investments as of June 30, 2016, consist of the following:	
Cash on hand	\$11,525
Cash with financial institutions	4,151,173
Investments	<u>173,426,603</u>
Total Cash and Investments	<u><u>\$177,589,301</u></u>

E. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the 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
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 4 - 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	Total
<i>Held by City:</i>		
California Asset Management Program	\$32,008,217	\$32,008,217
California Local Agency Investment Fund	119,119,942	119,119,942
Certificates of Deposit	1,020,210	1,020,210
<i>Held by Trustees:</i>		
Money Market Mutual Funds	21,278,234	21,278,234
Total investments	<u>\$173,426,603</u>	<u>\$173,426,603</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 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. On June 30, 2016, these investments matured in an average of 167 days.

The City is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California *Government Code* Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The pool's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California *Government Code*. The City reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 79 requirements. At June 30, 2016, the fair value approximated is the City's cost. On June 30, 2016, these investments matured in an average of 45 days.

The City, as a CAMP shareholder, may withdraw all or any portion of the funds in its CAMP account at any time by redeeming shares. The CAMP Declaration of Trust permits the CAMP trustee to suspend the right of withdrawal from CAMP or to postpone the date of payment of redemption proceeds if the New York Stock Exchange is closed other than for customary weekend and holiday closings, if trading on the New York Stock Exchange is restricted, or if, in the opinion of the CAMP trustees, an emergency exists such that disposal of the CAMP pool securities or determination of its net asset value is not reasonably practicable. If the right of withdrawal is suspended, the City may either withdraw its request for that withdrawal or receive payment based on the net asset value of the CAMP pool next determined after termination of the suspension of the right of withdrawal.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 4 - CASH AND INVESTMENTS (Continued)

F. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2016:

<i>Investments by Fair Value Level:</i>	Level 1	Level 2	Total
California Local Agency Investment Fund (LAIF)		\$119,119,942	\$119,119,942
Certificates of Deposit	\$1,020,210		1,020,210
Total Investments	<u>\$1,020,210</u>	<u>\$119,119,942</u>	120,140,152
 <i>Investments Measured at Net Asset Value Per Share:</i>			
California Asset Management Program			32,008,217
 <i>Investments Measured at Amortized Cost:</i>			
Money Market Mutual Fund			21,278,234
 <i>Cash in banks and on hand</i>			4,162,698
Total Cash and investments			<u>\$177,589,301</u>

Certificates of Deposit, classified in Level 1 of the fair value hierarchy are valued using a quoted price in an active market for an identical asset. The California Local Agency Investment Fund (LAIF) classified in Level 2 is valued based on the fair value factor provided by the Treasurer of the State of California, which is calculated as fair value divided by the amortized cost of the investment pool. These prices are obtained from various pricing sources by the custodian bank.

G. 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, 2016, are as follows:

Investment Type	AAAm/Aaa- mf/Aaa	Total
<i>Held by City:</i>		
California Asset Management Program	\$32,008,217	\$32,008,217
<i>Held by Trustees:</i>		
Money Market Mutual Funds	<u>21,278,234</u>	<u>21,278,234</u>
	<u>\$53,286,451</u>	<u>53,286,451</u>
<i>Not rated:</i>		
California Local Agency Investment Fund		119,119,942
Certificates of Deposit		<u>1,020,210</u>
Total investments		<u>\$173,426,603</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 4 - CASH AND INVESTMENTS (Continued)

H. 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.

NOTE 5 - INTERFUND TRANSACTIONS

A. Transfers Between Funds

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to reimburse a fund which has made an expenditure on behalf of another fund. Less often, a transfer may be made to open or close a fund.

Transfers between funds during the fiscal year ended June 30, 2016 were as follows:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>
Non-Major Governmental Funds	Non-Major Governmental Funds	<u>\$382,804 (A)</u>
Total Interfund Transfers		<u><u>\$382,804</u></u>

The reasons for these transfers are set forth below:

(A) To return unspent funds

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 5 - INTERFUND TRANSACTIONS (Continued)

B. *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, 2016, 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	Non Major Governmental Funds	\$1,150,517
	Public Transit Enterprise Fund	2,607,279
	Employee Benefits Internal Service Fund	2,275,415
		<u>\$6,033,211</u>

All balances pertain to short-term loans to cover cash shortages as of June 30, 2016. The City expects these balances to be repaid in fiscal year 2016-17.

C. *Interfund Advances*

At June 30, 2016, 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>
Sewer Fund	Water Fund	\$7,554,889
General Services Internal Services Fund	Sewer Fund	396,310
	Storm Sewer Fund	396,310
		<u>\$8,347,509</u>

Sewer and Storm Sewer Funds make annual principal and interest payment on July 1, with final repayment by fiscal year 2023. The Water Fund borrowed \$7,696,828 from the Sewer Fund to finance certain improvements to the City's municipal water system in conjunction with the City's share of the expenditures related to a surface water treatment plan. The loan bears an interest rate of 1.9% compounded annually and is to be paid off by October 1, 2033.

D. *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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 6 – LOANS AND NOTES RECEIVABLES

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

	Balance at June 30, 2016
Loans Receivable:	
Davis Mutual Housing Association	\$4,922,043
New Harmony Loan	8,913,045
Windmere II	1,117,457
Walnut Terrace	3,474,055
Tremont Green	2,722,379
Moore Village	3,811,415
Eleanor Roosevelt	4,250,000
Oakshade East	1,571,197
Davis Diamonds	83,972
Other Commercial Rehabilitation	
Housing Rehabilitation, and Affordable Housing	1,036,804
Community Housing Opportunities Corporation	1,645,496
Davis Musical Theater	37,764
Employee Computer Loans	60,703
Total Loans Receivable - Governmental Activities	<u>33,646,330</u>
Mortgages Receivable	<u>355,265</u>
Total Loans and Mortgages Receivable	<u><u>\$34,001,595</u></u>

A. *Davis Mutual Housing Association*

The former Redevelopment Agency (Agency) and the City entered into two agreements with the Davis Mutual Housing Association (the 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, 2016, the Association had a remaining balance of \$4,922,043.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 6 – LOANS AND NOTES RECEIVABLES (Continued)

B. *New Harmony Loan*

The City and the former Redevelopment Agency of the City of Davis entered into an agreement with New Harmony, LLP 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, 2016, the loan amount outstanding is \$8,913,045.

C. *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, 2016, was \$1,117,457.

D. *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
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 6 – LOANS AND NOTES RECEIVABLES (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, 2016, was \$3,474,055.

E. *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, 2016 was \$2,722,379.

F. *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, 2016, was \$3,811,415.

G. *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 a deed of trust. The balance of the loan receivable arising from this note at June 30, 2016, was \$4,250,000.

H. *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. The balance of the loan receivable arising from this note, including accrued interests, was \$1,571,197 at June 30, 2016.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 6 – LOANS AND NOTES RECEIVABLES (Continued)

I. Davis Diamonds

The City of Davis entered into an agreement with Davis DISC LP, a California Limited Partnership, to develop a new gymnastics facility on the vacant land parcel 2800 Cowell Boulevard, owned by DISC LP. Under terms of the agreement, the City loaned the partnership \$98,427. The loan accrues interest at the rate of 6 percent. The loan is secured by deeds of trust. The balance of the loan receivable was \$83,972 at June 30, 2016.

J. 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, 2016, was \$1,036,804.

K. 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, 2016, was \$1,645,496.

L. 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, 2016 is \$37,764.

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, 2016, the loans outstanding amounted to \$60,703.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 6 – LOANS AND NOTES RECEIVABLES (Continued)

M. Mortgage Receivables

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 restriction 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, 2016, was \$355,265.

NOTE 7 – CAPITAL ASSETS

A. Capital Asset Additions and Retirements

Capital assets activity of governmental activities for the year ended June 30, 2016, is as follows:

	Balance at June 30, 2015	Additions	Retirements	Adjustments	Balance at June 30, 2016
Governmental Activities					
Capital assets not being depreciated:					
Land	\$56,067,498				\$56,067,498
Construction in Progress	12,488,277	\$8,584,908		(\$4,879,028)	16,194,157
Total capital assets not being depreciated	68,555,775	8,584,908		(4,879,028)	72,261,655
Capital assets being depreciated:					
Buildings	29,230,126				29,230,126
Improvements	14,297,763	267,283		861,774	15,426,820
Vehicles	7,401,462	901,208	(\$296,923)	554,901	8,560,648
Computer and Equipment	2,405,023		(79,707)		2,325,316
Infrastructure					
Streets	257,028,882	81,136		1,947,656	259,057,674
Parks and Greenbelts	63,201,687	301,421		1,514,697	65,017,805
Bike and Pedestrian Pathways	15,341,499				15,341,499
Total capital assets being depreciated	388,906,442	1,551,048	(376,630)	4,879,028	394,959,888
Less accumulated depreciation:					
Buildings	(11,237,900)	(575,895)			(11,813,795)
Improvements	(4,870,253)	(623,933)			(5,494,186)
Vehicles	(5,620,182)	(625,469)	279,344		(5,966,307)
Computer and Equipment	(2,023,515)	(145,684)	79,707		(2,089,492)
Infrastructure					
Streets	(139,153,857)	(4,925,443)			(144,079,300)
Parks and Greenbelts	(41,649,842)	(695,773)			(42,345,615)
Bike and Pedestrian Pathways	(12,546,183)	(73,375)			(12,619,558)
Total accumulated depreciation	(217,101,732)	(7,665,572)	359,051		(224,408,253)
Net capital assets being depreciated	171,804,710	(6,114,524)	(17,579)	4,879,028	170,551,635
Governmental Activities Capital Assets, Net	\$240,360,485	\$2,470,384	(\$17,579)		\$242,813,290

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 7 – CAPITAL ASSETS (Continued)

Capital assets activity of business-type activities for the year ended June 30, 2016, is as follows:

	Balance at June 30, 2015	Additions	Retirements	Balance at June 30, 2016
<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 project costs	51,314,856	\$23,727,478	(\$13,400,000)	61,642,334
Other	38,966,206	35,517,273		74,483,479
Total capital assets not being depreciated	112,064,441	59,244,751	(13,400,000)	157,909,192
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	61,228,200			61,228,200
Sewer Treatment Plant	44,444,902			44,444,902
Sewer Pipes and Pipelines	36,077,312			36,077,312
Drainage Facilities	101,483,928			101,483,928
Equipment	11,148,191	542,790		11,690,981
Net capital assets being depreciated	329,027,556	542,790		329,570,346
Less accumulated depreciation for:				
Buildings and Improvements	(1,667,807)	(103,188)		(1,770,995)
Water Wells, Pumps and Related Assets	(27,409,181)	(1,291,802)		(28,700,983)
Water Distribution System	(21,909,289)	(1,300,335)		(23,209,624)
Sewer Treatment Plant	(29,075,644)	(887,066)		(29,962,710)
Sewer Pipes and Pipe Lines	(15,185,333)	(681,089)		(15,866,422)
Drainage Facilities	(40,463,105)	(2,005,220)		(42,468,325)
Equipment	(5,834,940)	(288,938)		(6,123,878)
Total accumulated depreciation	(141,545,299)	(6,557,638)		(148,102,937)
Net capital assets being depreciated	187,482,257	(6,014,848)		181,467,409
Business-type Activities Capital Assets, Net	\$299,546,698	\$53,229,903	(\$13,400,000)	\$339,376,601

The City's share of JPA represents the City's contribution for project costs associated with the Woodland-Davis Clean Water Agency JPA. The JPA is a legally separate entity. Further details of the JPA are disclosed in Note 16. In fiscal year 2015-16, the Woodland-Davis Clean Water Agency JPA reimbursed the City \$13,400,000 of project costs. As a result, the cost were reduced by that amount.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 7 – CAPITAL ASSETS (Continued)

B. Capital Asset Contributions

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

C. Depreciation Allocation

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

Governmental Activities

City council	\$7,922
City manager	40,863
Parks and community services	2,133,440
Public safety - fire	109,965
Public safety - police	178,274
Public works	5,195,108
	<hr/>
Total Governmental Activities	\$7,665,572
	<hr/> <hr/>

Business-Type Activities

Water	\$2,631,830
Sewer	1,783,426
Storm sewer	2,005,218
Public transit	137,164
	<hr/>
Total Business-Type Activities	\$6,557,638
	<hr/> <hr/>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 8 – UNEARNED REVENUE AND DEFERRED INFLOWS/OUTFLOWS

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities in the current period. Governmental funds also delay revenue recognition in connection with resources that have been received, but not yet earned and report those as unearned revenue. As of June 30, 2016, the various components of unavailable and unearned revenue reported in the governmental funds are as follows:

	Deferred Inflow of Resources-Unavailable	Unearned	Total
Grants, fees, and other receipts received prior to meeting all eligibility requirements		\$950,787	\$950,787
Receivables collected after the 60-day period of availability	\$1,380,431		1,380,431
Second mortgage loans not available within 60-day period of availability	241,055		241,055
Total Governmental Funds	<u>\$1,621,486</u>	<u>\$950,787</u>	<u>\$2,572,273</u>

Proprietary funds also delay revenue recognition in connection with resources have been received, but not yet earned and report those as unearned revenue. As of June 30, 2016, the unearned revenue reported in proprietary funds are \$2,318,202.

NOTE 9 – LONG-TERM DEBT

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

A. The City's Long-Term Debt

The City's long-term debt activities for the year ended June 30, 2016 is as follows:

	Balance June 30, 2015	Additions	Retirements	Balance June 30, 2016	Current Portion
<i>Business-type Activities Long-Term Debt:</i>					
State Revolving Fund Loan #1 2.7%, due 7/25/15	\$285,945		\$285,945		
State Revolving Fund Loan #2 2.6%, due 5/1/19	3,198,782		3,198,782		
State Revolving Fund Loan #3 1.5%, due 10/1/48		\$20,020,335		\$20,020,335	
State Revolving Fund Loan #4 1.6%, due 12/31/48		8,061,394		8,061,394	
East Area Water Storage Tank Loan 4.0%, due 8/1/38	8,977,402		229,703	8,747,699	\$238,891
Wells Fargo Water Bonds Due 6/30/39	29,155,000		870,000	28,285,000	895,000
Total Business-type Activities Long-Term Debt	<u>\$41,617,129</u>	<u>\$28,081,729</u>	<u>\$4,584,430</u>	<u>\$65,114,428</u>	<u>\$1,133,891</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 9 – LONG-TERM DEBT (Continued)

B. Debt Service Requirements

Future principal and interest payments on business-type long-term debt are as follows at June 30, 2016:

Fiscal Year Ending June 30,	Business-type Activities		
	Principal	Interest	Total
2017	\$1,133,891	\$788,732	\$1,922,623
2018	1,168,447	750,876	1,919,323
2019	1,203,385	711,876	1,915,261
2020	1,440,569	2,383,332	3,823,901
2021	1,466,569	2,365,847	3,832,416
2022-2026	8,668,737	10,707,973	19,376,710
2027-2031	11,104,816	8,683,657	19,788,473
2032-2036	13,822,048	6,425,579	20,247,627
2037-2041	12,278,376	3,960,593	16,238,969
2042-2046	7,496,091	2,116,872	9,612,963
2047-2049	5,331,499	436,280	5,767,779
Total	<u>\$65,114,428</u>	<u>\$39,331,617</u>	<u>\$104,446,045</u>

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

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. The City paid off the loan on July 25, 2015.

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. The City paid off the loan on August 4, 2015.

State Revolving Fund Loan #3 – The City entered into a contract in December 2014 to borrow funds from the State Water Resources Control Board. The funds are being used for a Davis Wastewater Treatment Plant Secondary and Tertiary Improvements project to meet the City's future wastewater treatment needs. The maximum loan amount is \$81,057,000, of which the City had drawn \$20,020,335. The loan bears interest at 1.5 percent per year for a term of thirty years. As of June 30, 2016, the City owed \$20,020,335 on the loan.

State Revolving Fund Loan #4 – The City entered into a contract in July 2015 to borrow funds from the State Water Resources Control Board. The funds are being used for a Clean Water Revolving Fund project to distribute a new source of drinking water to the City of Davis residents. The maximum loan amount is \$35,500,000, of which the City had drawn \$8,061,394. The loan bears interest at 1.6 percent per year for a term of thirty years. As of June 30, 2016, the City owed \$8,061,394 on the loan.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 9 – LONG-TERM DEBT (Continued)

East Area Water Storage Tank Loan – In July 2009, City Council executed an enterprise fund installment sale agreement with the California Infrastructure and Economic Development Bank. The funds are to provide financing 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, 2016, the City owed \$8,747,699 on the loan.

Wells Fargo 2013 Water Revenue Bonds – In October 2013, the City of Davis Public Facilities Financing Authority executed an installment purchase agreement issuing \$30,000,000 in water revenue bonds for the purpose 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. The outstanding principal balance on the bonds as of June 30, 2016 is \$28,285,000.

NOTE 10 – 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, 2016, is as follows:

Description	Issue Year	Maturity Year	Outstanding June 30, 2016
University Research Park Improvement \$2,265,000 original principal	1993	2018	\$510,000
Community Facilities District No. 1991-2 \$14,115,000 original principal	2007	2016	9,360,000
Community Facilities District No. 2007-2 \$5,510,000 original principal	2008	2037	4,730,000
Public Facilities Financing Authority \$9,570,000 original principal	2009	2030	9,570,000
Community Facilities District No. 2015-01 \$9,665,000 original principal	2015	2045	9,665,000
Total			<u>\$33,835,000</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 11 – CLASSIFICATION OF FUND BALANCE

Detailed classifications of the City's fund balances, as of June 30, 2016, are below.

Func Balance Classifications	General Fund	Low/ Mod Housing Fund	Open Space	Development Deferred Improvement	Other Governmental Funds	Total
Nonspendables:						
Items not in spendable form:						
Notes Receivable	\$137,664					\$137,664
Total Nonspendable Fund Balances	<u>137,664</u>					<u>137,664</u>
Restricted for:						
Child Care Services					\$473,284	473,284
Development Services				\$1,412,278		1,412,278
Roadways & Street Improvements				10,400,371	1,439,436	11,839,807
Parks			\$4,681,374	5,603,689	13,290	10,298,353
Public Safety				2,687,479		2,687,479
General Facilities				1,047,727		1,047,727
Open Space				1,454,503		1,454,503
Grants					1,978,574	1,978,574
Public Facilities					219,616	219,616
Land Acquisition					1,569,720	1,569,720
District Improvements					1,223,135	1,223,135
Low Income Housing		\$33,707,062				33,707,062
Total Restricted Fund Balances		<u>33,707,062</u>	<u>4,681,374</u>	<u>22,606,047</u>	<u>6,917,055</u>	<u>67,911,538</u>
Committed to:						
Building and Planning					585,756	585,756
Cable TV					1,744,522	1,744,522
In Lieu of Parking & Parking					801,757	801,757
Agriculture Land Acquisition					401,554	401,554
Municipal Arts					38,255	38,255
Public Safety					6,120	6,120
Capital Projects					36,804	36,804
Other Special Revenues					5,772	5,772
Total Committed Fund Balances					<u>3,620,540</u>	<u>3,620,540</u>
Unassigned:	<u>21,551,825</u>				<u>(406,990)</u>	<u>21,144,835</u>
Total Unassigned Fund Balances	<u>21,551,825</u>				<u>(406,990)</u>	<u>21,144,835</u>
Total Fund Balances	<u>\$21,689,489</u>	<u>\$33,707,062</u>	<u>\$4,681,374</u>	<u>\$22,606,047</u>	<u>\$10,130,605</u>	<u>\$92,814,577</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 12 – PENSION PLANS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's pension plans (Plans) administered by the California Public Employees' Retirement System (CalPERS) and additions to/deductions from the Plans' fiduciary net positions have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information and Summary of Balances by Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety (police and fire) cost-sharing or Miscellaneous (all other) agent multiple-employer defined benefit pension plans, administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Below is a summary of the deferred outflows of resources, net pension liabilities, and deferred inflows of resources by Plan for the year ended June 30, 2016:

	Deferred Outflows of Resources	Net Pension Liability/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
Miscellaneous	\$9,819,049	\$56,213,620	\$10,061,077
Safety	10,032,995	37,270,097	2,998,863
Total	<u>\$19,852,044</u>	<u>\$93,483,717</u>	<u>\$13,059,940</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 12 – PENSION PLANS (Continued)

B. Miscellaneous Agent Multiple-Employer Defined Benefit Pension Plan

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

The Plans’ provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
	<u>Classic Plan</u>	<u>PEPRA Plan</u>
Benefit formula	2.0% @ 55 or 2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.426 - 2.418%	1-2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates	26.630%	26.630%

Employees Covered – At June 30, 2014 actuarial valuation date and the June 30, 2015 measurement date, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous	
	<u>June 30, 2014</u>	<u>June 30, 2015</u>
Inactive employees or beneficiaries currently receiving benefits	332	356
Inactive employees entitled to but not yet receiving benefits	292	289
Active employees	249	249
Total	<u>873</u>	<u>894</u>

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 12 – PENSION PLANS (Continued)

Net Pension Liability - The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plans is measured as of June 30, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$182,668,802	\$129,258,100	\$53,410,702
Changes in the year:			
Service cost	2,785,521		2,785,521
Interest on the total pension liability	13,336,226		13,336,226
Differences between actual and expected experience	(2,152,773)		(2,152,773)
Changes in assumptions	(3,206,955)		(3,206,955)
Plan to plan resource movement		(58,660)	58,660
Changes in benefit terms			
Contribution - employer		3,936,577	(3,936,577)
Contribution - employee		1,350,680	(1,350,680)
Net investment income		2,875,200	(2,875,200)
Administrative expenses		(144,696)	144,696
Benefit payments, including refunds of employee contributions	(8,744,147)	(8,744,147)	
Net changes	2,017,872	(785,046)	2,802,918
Balance at June 30, 2015	\$184,686,674	\$128,473,054	\$56,213,620

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 12 – PENSION PLANS (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Plan, calculated using the discount rate the Plan, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	6.65%
Net Pension Liability	\$80,407,377
Current Discount Rate	7.65%
Net Pension Liability	\$56,213,620
1% Increase	8.65%
Net Pension Liability	\$36,174,823

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2016, the City recognized negative pension expense of \$1,934,350. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$4,354,487	
Differences between actual and expected experience		(\$1,355,450)
Changes in assumptions		(2,019,194)
Net differences between projected and actual earnings on plan investments	5,464,562	(6,686,433)
Total	<u>\$9,819,049</u>	<u>(\$10,061,077)</u>

\$4,354,487 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2017	(\$2,847,755)
2018	(2,252,231)
2019	(862,671)
2020	1,366,142
2021	0
Thereafter	0
	<u>(\$4,596,515)</u>

Actuarial assumptions and information regarding the discount rate are discussed in Note 12D below.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 12 – PENSION PLANS (Continued)

C. Safety Cost-Sharing Multiple-Employer Defined Benefit Plan

The City's Safety Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by CalPERS. PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors four rate plans (two fire and two police) within the safety risk pool.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public

Employees' Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

The Safety Plan's provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Safety - Fire	
	Classic Plan	PEPRA Plan
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	3%	2-2.7%
Required employee contribution rates	9%	11.25%
Required employer contribution rates	13.814%	11.403%

	Safety - Police	
	Classic Plan	PEPRA Plan
Benefit formula	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as a % of eligible compensation	3%	2-2.7%
Required employee contribution rates	9%	11.25%
Required employer contribution rates	18.534%	11.403%

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 12 – PENSION PLANS (Continued)

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the contributions to the Safety Plan were as follows:

	<u>Safety</u>
Contributions - employer	\$1,504,861

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments, are reported at fair value.

As of June 30, 2016, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Safety	<u>\$37,270,097</u>
Total Net Pension Liability	<u><u>\$37,270,097</u></u>

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

	<u>Safety</u>
Proportion - June 30, 2014	0.61%
Proportion - June 30, 2015	<u>0.90%</u>
Change - Increase (Decrease)	0.29%

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 12 – PENSION PLANS (Continued)

For the year ended June 30, 2016, the City recognized pension expense of \$3,471,790 for Safety Plan. At June 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to the pensions for the Safety Plan from the following sources:

<u>Safety Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$1,504,861	
Differences between actual and expected experience		(\$348,587)
Changes in assumptions		(1,603,279)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	8,528,134	(234,445)
Net differences between projected and actual earnings on plan investments		(812,552)
Total	<u>\$10,032,995</u>	<u>(\$2,998,863)</u>

\$1,504,861 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2017	\$1,694,924
2018	1,676,263
2019	1,160,625
2020	997,459
2021	0
Thereafter	0
	<u>\$5,529,271</u>

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Safety</u>
1% Decrease	6.65%
Net Pension Liability	\$54,564,305
Current Discount Rate	7.65%
Net Pension Liability	\$37,270,097
1% Increase	8.65%
Net Pension Liability	\$23,089,164

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 12 – PENSION PLANS (Continued)

D. Information Common to the Miscellaneous and Safety Plans

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	All Plans
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	(1)
Investment Rate of Return	7.5% (2)
Mortality	Derived using CalPERS Membership Data for all Funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power applies, 0.25% thereafter

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The mortality tables used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website under Forms and Publications.

Change of Assumptions – GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 12 – PENSION PLANS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website (<http://www.calpers.ca.gov/>) for details on how to obtain a copy of its financial reports.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 13 – 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:

	Retire by December 31, 2015	Retire Jan.1, 2016 through Dec. 31,2025	Retire January 1, 2026 or later
Employees hired before July 1, 1996 with at least 25 years City service.	No change to current benefit (100% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants.)	100% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants. Once the employee has transferred to a Medicare plan, the City will pay the Medicare Supplemented/Managed Medicare Monthly rate based on the CalPERS Kaiser Bay Area rate for employee plus two or more dependants.	75% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants. Once the employee has transferred to a Medicare plan, the City will pay the Medicare Supplemented/Managed Medicare Monthly rate based on the CalPERS Kaiser Bay Area rate for employee plus two or more dependants.
Employees hired before July 1, 1996 with less than 25 years City service.	No change to current benefit (100% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants.)	75% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants. Once the employee has transferred to a Medicare plan, the City will pay the Medicare Supplemented/Managed Medicare Monthly rate based on the CalPERS Kaiser Bay Area rate for employee plus two or more dependants.	Does not apply.
Employees hired July 1, 1996 through December 31, 2012 with at least 25 years City service.	No change to current benefit (Age 55-59 50% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants, age 60-65 100% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants.)	50% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants until age 60. After age 60, 100% of the CalPERS Kaiser Bay Area rate for employee plus two or more for dependants. Once the employee has transferred to a Medicare plan, the City will pay the Medicare Supplemented/Managed Medicare Monthly rate based on the CalPERS Kaiser Bay Area rate for employee plus two or more dependants.	50% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants. After age 60, 75% of the CalPERS Kaiser Bay Area rate employee plus two or more dependants. Once the employee has transferred to a Medicare plan, the City will pay the Medicare Supplemented/Managed Medicare Monthly rate based on the CalPERS Kaiser Bay Area rate for employee plus two or more dependants.
Employees hired July 1,1996 through December 31, 2012 with less than 25 years service.	No change to current benefit (Age 55-59 50% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants, age 60-65 100% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants.)	50% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants until age 60. After age 60, 75% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants. Once the employee has transferred to a Medicare plan, the City will pay the Medicare Supplemented/Managed Medicare Monthly rate based on the CalPERS Kaiser Bay Area rate for employee plus two or more dependants.	50% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants. After age 60, 75% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependants. Once the employee has transferred to a Medicare plan, the City will pay the Medicare Supplemented/Managed Medicare Monthly rate based on the CalPERS Kaiser Bay Area rate for employee plus two or more dependants.
Employees hired January 1, 2013 and after	Medicare Supplemented/Managed Medicare Monthly rate based on the CalPERS Kaiser Bay Area rate for employee plus one dependant.		

As of June 30, 2016, approximately 273 participants were eligible to receive benefits.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of a June 30, 2015, 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 2013 to 5.0 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 twenty-eight year closed amortization period.

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

Annual OPEB Cost

During the fiscal year ended June 30, 2016, the City made contributions toward the ARC amounting to \$6,478,000 to the plan which represented 25% percent of the \$25,504,364 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 obligation and actual contributions, as presented below:

Annual required contribution (ARC)	\$6,478,000
Interest on Net OPEB Obligation	1,069,000
Adjustment to annual required contribution	<u>(1,513,000)</u>
Annual OPEB cost	6,034,000
Contributions made:	
Benefit payments	2,848,196
Trust pre-funding	<u>3,629,804</u>
Total contributions	<u>6,478,000</u>
Net increase (decrease) in Net OPEB Obligation	(444,000)
Net OPEB Obligation at July 1, 2015	<u>14,659,630</u>
Net OPEB Obligation at July 1, 2016	<u><u>\$14,215,630</u></u>
Percentage of ARC contributed	107%

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
June 30, 2014	\$6,119,000	\$6,405,000	104.67%	\$15,389,776
June 30, 2015	5,951,000	6,395,146	107.46%	14,659,630
June 30, 2016	6,034,000	6,478,000	107.36%	14,215,630

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Entry Age Actuarial Accrued Liability (B)</u>	<u>Unfunded (Overfunded) Actuarial Accrued Liability (A – B)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]</u>
6/30/2015	\$17,678,000	\$74,072,000	\$56,394,000	23.87%	\$27,285,000	206.68%

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 14 – DEFERRED COMPENSATION

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

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 15 – RISK MANAGEMENT

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

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

A. *Yolo County Public Agency Risk Management Insurance Authority (YCPARMIA)*

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, 2016, the City contributed \$1,590,598 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
Fidelity Insurance	\$1,000	\$2,000,000
Cyber Liability	0	1,000,000
General Liability	5,000	40,000,000
Auto Liability	5,000	40,000,000
Pollution Legal Liability	0	10,000,000
Property Insurance	1,000	959,357,100
Underground Storage Tank Insuranc	25,000	1,000,000
Workers' Compensation Insurance	1,000	Statutory

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, 2016, 2015, and 2014, the amount of settlement did not exceed insurance coverage.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 15 – RISK MANAGEMENT (Continued)

B. 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:

	2016	2015
Beginning balance	\$23,999	\$59,726
Liability for current fiscal year claims and	80,000	85,000
Decrease in estimated liability for prior year claims	(33,230)	(58,161)
Payments made on current year claims	(12,569)	(27,001)
Payments made on prior year claims	(26,946)	(35,565)
Ending balance	<u>\$31,254</u>	<u>\$23,999</u>
Current Portion	<u>\$31,254</u>	<u>\$23,999</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:

	2016	2015
Beginning balance	\$5,788	\$13,844
Liability for current fiscal year claims	63,000	68,000
Increase (decrease) in estimated liability for prior year claims	(38,293)	(53,552)
Payments made on current year claims	(19,453)	(21,114)
Payments made on prior year claims	(1,000)	(1,390)
Ending balance	<u>\$10,042</u>	<u>\$5,788</u>
Current Portion	<u>\$10,042</u>	<u>\$5,788</u>

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

	2016	2015
Beginning balance	\$329,052	\$364,328
Increase in estimated liability for prior year claims	36,007	38,940
Payments made on prior year claims	(74,216)	(74,216)
Ending balance	<u>\$290,843</u>	<u>\$329,052</u>
Current Portion	<u>\$74,216</u>	<u>\$74,216</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 16 – JOINTLY GOVERNED ORGANIZATION / INVESTMENT IN JOINT VENTURE

Woodland-Davis Clean Water Agency

Woodland-Davis Clean Water Agency, a separate joint powers authority, was formed in 2009 between the City of Davis and City of Woodland to coordinate the construction, ownership and operation of the Woodland-Davis Water Supply Capital Improvement Project which is scheduled to be completed in 2016. As defined in the JPA agreement assets will be owned and operated by the Agency and its liabilities are owed by the Agency and not its members. Each member is entitled to certain sole use assets which will be owned and maintained by each member on completion of the Project. Also, upon Project completion, each member will be entitled to capacity rights for the treatment and distribution of surface water. The City of Davis' proportion of such rights will be 44.4%. To fund a portion of its share of the above Project costs the City issued \$30 million of Wells Fargo 2013 Water Revenue Bonds. As of June 30, 2016 the City's accumulated contributions to the Agency amounted to \$61,380,470 which has been capitalized as construction in progress. Upon Project completion, the above costs will be reclassified as capacity rights or infrastructure assets.

On December 1, 2015, the Agency issued the 2015 Subordinate Refunding Water Revenue Bonds, Series A (City of Davis, California) in the amount of \$19,495,000. In addition, on December 10, 2015, the Agency issued the 2015 Subordinate Refunding Water Revenue Bonds, Series B (City of Davis, California). The purpose of the bonds is to repay the outstanding portion of a note payable previously obtained by the Agency. The purpose of the note payables was to help finance the acquisition of certain water rights on behalf of the City of Davis. The Bonds are solely secured by an installment payment agreement between the Agency and the City. Therefore a loan payable to the Agency has been reported on the City's financial statements. Future principal and interest payments on the payable were as follows as of June 30, 2016.

	Balance June 30, 2015	Additions	Balance June 30, 2016	Current Portion
2015 Subordinate Refunding Water Revenue Bonds, Series A 3.00% - 5.00%, due 3/1/39		\$19,495,000	\$19,495,000	\$155,000
2015 Second Subordinate Bonds, Series B 4.697%, due 3/1/39		1,881,117	1,881,117	8,976
Total Business-type Activities Long-Term Debt	\$0	\$21,376,117	\$21,376,117	\$163,976

At June 30, 2016 future debt service requirements for the 2015 Subordinate Refunding Water Revenue Bonds (Series A and B) were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2017	\$163,976	\$1,053,595	\$1,217,571
2018	373,145	868,878	1,242,023
2019	409,757	857,206	1,266,963
2020	451,794	840,608	1,292,402
2021	491,920	826,430	1,318,350
2022-2026	3,161,900	3,837,606	6,999,506
2027-2031	4,772,505	2,983,120	7,755,625
2032-2036	6,504,842	2,057,994	8,562,836
2037-2039	5,046,278	513,479	5,559,757
	<u>\$21,376,117</u>	<u>\$13,838,916</u>	<u>\$35,215,033</u>

Financial statements of the Agency may be obtained by mailing a request to the City of Davis, 23 Russell Blvd., Davis, California 95616.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 17 – COMMITMENTS AND CONTINGENCIES

A. *Single Audit*

The City participates in several Federal and State grant programs. These programs are subject to audits by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended, and applicable State requirements. No cost disallowances have been 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.

B. *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.

C. *Due Diligence Agreed-Upon Procedures Engagements*

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 of 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. On November 5, 2015 the Davis Redevelopment Successor Agency transmitted the OFA payment to the Yolo County Auditor-Controller fulfilling the obligation. DOF issued a Finding of Completion on November 13, 2015.

NOTE 18 – PROGRAM CESSATION/ GOING CONCERN

Child Care Grant Fund

All Child Care Services provided by the City of Davis were terminated on June 30, 2015. Those services were transitioned to other service providers at the close of the fiscal year. In fiscal year 2015-16, the final independent audit of the Child Development Fund (the Fund) was conducted. The Fund will be dissolved in fiscal year 2017/18, after the City has ensured that all funds have been received from the State and all obligations have been settled.

NOTE 19 – SUCCESSOR AGENCY TRUST OF THE FORMER REDEVELOPMENT AGENCY

A. *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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 19 – SUCCESSOR AGENCY TRUST OF THE FORMER REDEVELOPMENT AGENCY
(Continued)

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.

B. *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.

C. *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 Note 4 for details of the City's Cash and Investments at June 30, 2016, for the City's Investment Policy and the California Government Code.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 19 – SUCCESSOR AGENCY TRUST OF THE FORMER REDEVELOPMENT AGENCY
(Continued)

D. Notes and Loans

The Successor Agency has loaned a total balance of \$218,023 to housing associations as of June 30, 2016. Loans receivable, including accrued interest, comprised balances from the following programs, all of which are discussed below:

Loans Receivable:	
New Harmony Loan	\$186,526
Other Commercial Rehabilitation	
Housing Rehabilitation, and Affordable Housing	31,497
Total Loans Receivable	<u>\$218,023</u>

E. Current Liabilities

Interest Payable

The Successor Agency accrues for interest payments on the debt of an enforceable obligation identified on the approved Successor Agency ROPS schedule. Interest payable on the long term obligations is \$473,566 as of June 30, 2016.

F. Long-Term Obligations

1. Tax Allocation Bonds

The following is a summary of long-term debt transactions of the Successor Agency for the fiscal year ended June 30, 2016:

	Balance June 30, 2015	Retirements	Balance June 30, 2016	Current Portion
<i>Tax Allocation Bonds:</i>				
2003 Tax Allocation Refunding Bonds				
2.00% - 5.00%, due 9/1/2033	\$7,615,000	\$190,000	\$7,425,000	\$195,000
2007 Tax Allocation Refunding Bonds				
4.00% - 4.24%, due 9/1/2030	9,295,000	430,000	8,865,000	450,000
2007 Taxable Housing Refunding Bonds				
5.50%, due 9/01/2037	7,400,000	160,000	7,240,000	170,000
2011 Subordinate Tax Allocation Bonds, Series A				
6.50% - 7.00%, due 12/01/2036	13,310,000		13,310,000	
2011 Subordinate Tax Allocation Bonds, Series B				
3.25% - 5.00%, due 12/01/2022	3,220,000	320,000	2,900,000	345,000
Less Bond Issuance Discounts	<u>(524,345)</u>	<u>32,591</u>	<u>(491,754)</u>	
Total Business-type Activities Long-Term Debt	<u>\$40,315,655</u>	<u>\$1,132,591</u>	<u>\$39,248,246</u>	<u>\$1,160,000</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 19 – SUCCESSOR AGENCY TRUST OF THE FORMER REDEVELOPMENT AGENCY
(Continued)

2. Debt Service Requirements

Future principal and interest payments on all of the Successor Agency's long-term debt were as follows at June 30, 2016:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2017	\$1,160,000	\$2,251,496	\$3,411,496
2018	1,225,000	2,186,393	3,411,393
2019	1,285,000	2,117,245	3,402,245
2020	1,355,000	2,043,679	3,398,679
2021	1,435,000	1,965,182	3,400,182
2022-2026	8,490,000	8,511,899	17,001,899
2027-2031	11,060,000	5,869,521	16,929,521
2032-2036	11,240,000	2,436,632	13,676,632
2037-2038	2,490,000	111,432	2,601,432
Less Bond Issuance Discounts	(491,754)		(491,754)
Total	<u>\$39,248,246</u>	<u>\$27,493,479</u>	<u>\$66,741,725</u>

3. 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 \$11,826,734 in remaining debt service on this bond issue which is scheduled to occur in 2034. For fiscal year 2015-2016 debt service amounted to \$554,603.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 19 – SUCCESSOR AGENCY TRUST OF THE FORMER REDEVELOPMENT AGENCY
(Continued)

2007 Taxable Allocation Refunding Bonds

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 \$11,905,419 in remaining debt service on this bond issue which is scheduled to occur in 2031. For fiscal year 2015-2016 debt service amounted to \$803,600.

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 \$12,645,812 in remaining debt service on this bond issue which is scheduled to occur in 2038. For fiscal year 2015-2016 debt service amounted to \$571,865.

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.

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 \$30,855,514 in remaining debt service on this bond issue which is scheduled to occur in 2038. For fiscal year 2015-2016 debt service amounted to \$1,482,525.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016

NOTE 19 – SUCCESSOR AGENCY TRUST OF THE FORMER REDEVELOPMENT AGENCY
(Continued)

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 \$67,233,479 on the Bonds above, which is scheduled to occur in 2038. For fiscal year 2015-2016, net tax increment revenues amounted to \$3,767,711 while debt service of the bonds amounted to \$3,412,593.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2016

1. PENSION PLANS

Agent Multiple-Employer Defined Benefit Pension Plan:

Schedule of Changes in the Net Pension Liability and Related Ratios

This schedule reports the beginning and ending balances of the total pension liability, the plan assets available for pension benefits (called plan net position), and the net pension liability, as well as the change in those amounts during the year presented by cause (similar to the note disclosure). It also reports the total pension liability, plan net position, net pension liability, a ratio of plan net position divided by the total pension liability, the payroll amount for current employees in the plan (covered-employee payroll), and a ratio of the net pension liability divided by covered-employee payroll.

Schedule of Contributions

This schedule reports the agent multiple-employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered-employee payroll.

Cost-Sharing Employer Defined Benefit Pension Plan:

Schedule of Proportionate Share of the Net Pension Liability

This schedule reports the proportion (percentage) of the collective net pension liability, the proportionate share (amount) of the collective net pension liability, the employer's covered employee payroll, the proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered employee payroll and the pension plan's fiduciary net position as a percentage of the total pension liability.

Schedule of Contributions

This schedule reports the cost sharing employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined.

CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2016

1. PENSION PLANS (Continued)

Miscellaneous Plan
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Miscellaneous Plan	
	<u>6/30/2014</u>	<u>6/30/2015</u>
<i>Total Pension Liability</i>		
Service Cost	\$3,147,626	\$2,785,521
Interest	12,920,680	13,336,226
Differences between expected and actual experience		(2,152,773)
Changes in assumptions		(3,206,955)
Changes in benefits		
Benefit payments, including refunds of employee contributions	(8,202,831)	(8,744,147)
Net change in total pension liability	7,865,475	2,017,872
Total pension liability - beginning	174,803,327	182,668,802
Total pension liability - ending (a)	<u>\$182,668,802</u>	<u>\$184,686,674</u>
<i>Plan fiduciary net position</i>		
Contributions - employer	\$3,558,115	\$3,936,577
Contributions - employee	1,643,358	1,350,680
Net investment income	19,449,181	2,875,200
Plan to plan resource movement		(58,660)
Administrative expenses		(144,696)
Benefit payments, including refunds of employee contributions	(8,202,831)	(8,744,147)
Net change in plan fiduciary net position	16,447,823	(785,046)
Plan fiduciary net position - beginning	112,810,277	129,258,100
Plan fiduciary net position - ending (b)	<u>\$129,258,100</u>	<u>\$128,473,054</u>
Net pension liability - ending (a)-(b)	<u>\$53,410,702</u>	<u>\$56,213,620</u>
 Plan fiduciary net position as a percentage of the total pension liability	 70.76%	 69.56%
 Covered - employee payroll	 16,345,659	 16,448,436
 Net pension liability as percentage of covered-employee payroll	 326.76%	 341.76%

Notes to Schedule:

Benefit changes. In 2015, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the actuarial valuation date. This applies for voluntary benefit changes as well as any offers of Two Year Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 measurement date.

* - Fiscal year 2015 was the 1st year of implementation.

CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2016

1. PENSION PLANS (Continued)

Miscellaneous Plan
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

	Miscellaneous Plan	
	<u>2015</u>	<u>2016</u>
Actuarially determined contribution	\$3,935,948	\$4,354,487
Contributions in relation to the actuarially determined contributions	<u>3,935,948</u>	<u>1,504,861</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$2,849,626</u>
Covered-employee payroll	\$16,448,436	\$16,260,801
Contributions as a percentage of covered-employee payroll	23.93%	9.25%

Notes to Schedule

Valuation date: 6/30/2012 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	23 years
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	Varies by Entry Age & Service
Investment rate of return	7.65%, net of pension plan investment expense, includes inflation
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

* - Fiscal year 2015 was the 1st year of implementation.

CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2016

1. PENSION PLANS (Continued)

Safety Plan
Last 10 Years*

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	Safety Plan	
	6/30/2014	6/30/2015
Plan's Proportion of the Net Pension Liability (Asset)	0.61%	0.90%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$22,835,706	\$37,270,097
Plan's Covered-Employee Payroll (A)	\$9,768,195	\$9,475,749
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered-Employee Payroll	233.78%	393.32%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.42%	70.45%

Notes to Schedule:

- (A) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

* - Fiscal year 2015 was the 1st year of implementation.

CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2016

1. PENSION PLANS (Continued)

Safety Plan
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

	Safety Plan	
	2015	2016
Actuarially determined contribution	\$2,705,123	\$1,504,861
Contributions in relation to the actuarially determined contributions	(2,705,123)	(1,504,861)
Contribution deficiency (excess)	\$0	\$0
 Covered-employee payroll	 \$9,475,749	 \$9,243,560
 Contributions as a percentage of covered-employee payroll	 28.55%	 16.28%
 Notes to Schedule		
Valuation date:	6/30/2012	6/30/2013

* - Fiscal year 2015 was the 1st year of implementation.

CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2016

2. SCHEDULE OF FUNDING PROGRESS – OTHER POST RETIREMENT BENEFIT PLAN

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
6/30/2011	\$3,091,000	\$61,501,000	\$58,410,000	5.03%	\$31,378,000	186.15%
6/30/2013	8,739,000	70,628,000	61,889,000	12.37%	28,818,000	214.76%
6/30/2015	17,678,000	74,072,000	56,394,000	23.87%	27,285,000	206.68%

Notes to Schedule

- (A) 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 to pay benefits when due, and make comparisons with other employers.
- (B) The information presented relates to the City's Public Safety and Miscellaneous Retirement Plans and the City OPEB Plan only.

CITY OF DAVIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES:				
Taxes	\$40,134,119	\$41,305,015	\$44,727,677	\$3,422,662
Fines and forfeitures	806,900	829,140	660,313	(168,827)
Use of money and property	1,129,238	1,100,311	1,359,133	258,822
Intergovernmental	23,000	534,217	512,491	(21,726)
Charges for current services	7,109,903	8,668,957	9,549,157	880,200
Development fees				
Administrative fee - other funds	2,215,397		2,260,871	2,260,871
Other	4,284,792	7,063,633	3,443,491	(3,620,142)
Total Revenues	55,703,349	59,501,273	62,513,133	3,011,860
EXPENDITURES:				
Current:				
City Council	170,299	170,299	162,094	8,205
City Attorney	362,967	338,644	323,152	15,492
City Manager	2,559,984	2,743,441	2,499,230	244,211
Administrative services	2,646,435	2,937,956	2,493,166	444,790
Community development	5,228,642	6,766,545	5,155,537	1,611,008
Parks and community services	10,089,483	10,499,444	9,939,664	559,780
Public safety - fire	8,761,495	9,161,661	9,105,706	55,955
Public safety - police	16,133,402	16,159,355	16,451,219	(291,864)
Public works	1,966,013	2,562,371	2,574,938	(12,567)
Special projects		567,900	567,900	
Capital outlay	10,628,486	11,459,211	7,234,569	4,224,642
Total Expenditures	58,547,206	63,366,827	56,507,175	6,859,652
Net Change in Fund Balance	(\$2,843,857)	(\$3,865,554)	6,005,958	\$9,871,512
Beginning fund balance			15,683,531	
Ending fund balance			\$21,689,489	

CITY OF DAVIS
OPEN SPACE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Taxes	\$650,000	\$650,000	\$644,914	(\$5,086)
Use of money and property	<u>2,700</u>	<u>2,700</u>	<u>16,099</u>	<u>13,399</u>
Total Revenues	<u>652,700</u>	<u>652,700</u>	<u>661,013</u>	<u>8,313</u>
EXPENDITURES:				
Current:				
Parks and community services	<u>380,186</u>	<u>430,986</u>	<u>238,436</u>	<u>192,550</u>
Total Expenditures	<u>380,186</u>	<u>430,986</u>	<u>238,436</u>	<u>192,550</u>
Net Changes in Fund Balance	<u>\$272,514</u>	<u>\$221,714</u>	<u>422,577</u>	<u>\$200,863</u>
Beginning fund balance			<u>4,258,797</u>	
Ending fund balance			<u>\$4,681,374</u>	

CITY OF DAVIS
DEVELOPMENT DEFERRED IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Use of money and property	\$37,000	\$37,000	\$78,981	\$41,981
Development fees	1,263,000	1,263,000	636,573	(626,427)
Other revenue			1,537	1,537
Total Revenues	1,300,000	1,300,000	717,091	(582,909)
EXPENDITURES				
Current:				
Administrative services	138,412	146,025	93,377	52,648
Public works	461,508	656,569	594,047	62,522
Special projects	13,937	13,937	12,186	1,751
Capital outlay	3,015,666	3,900,143	773,312	3,126,831
Total Expenditures	3,629,523	4,716,674	1,472,922	3,243,752
Net Change in Fund Balance	<u>(2,329,523)</u>	<u>(3,416,674)</u>	(755,831)	<u>(3,826,661)</u>
BEGINNING FUND BALANCE			23,361,878	
ENDING FUND BALANCE			<u>\$22,606,047</u>	

CITY OF DAVIS
LOW/MOD HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES:				
Use of money and property	\$29,800	\$29,800	\$63,249	\$33,449
Intergovernmental	934,324	953,612	258,713	(694,899)
Charges for services	369,232	369,232	167,649	(201,583)
Other	114,424	114,424	4,357	(110,067)
Total Revenues	<u>1,447,780</u>	<u>1,467,068</u>	<u>493,968</u>	<u>(973,100)</u>
EXPENDITURES:				
Current:				
Special projects	<u>1,423,307</u>	<u>1,786,295</u>	<u>631,192</u>	<u>1,155,103</u>
Total Expenditures	<u>1,423,307</u>	<u>1,786,295</u>	<u>631,192</u>	<u>1,155,103</u>
Net Change in Fund Balance	<u>\$24,473</u>	<u>(\$319,227)</u>	<u>(137,224)</u>	<u>\$182,003</u>
Beginning fund balance			<u>33,844,286</u>	
Ending fund balance			<u>\$33,707,062</u>	

CITY OF DAVIS
Notes to Required Supplemental Information
For the year ended June 30, 2016

1. 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, 2016. Individual amendments were not material in relation to the original appropriations. All appropriations not expended or encumbered by year-end are canceled. All prior year unspent encumbrances are rolled over to the current fiscal year.

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

The Association of Bay Area Governments Certificate of Participation Fund exceeded the appropriations by \$1,700 for the year ended June 30, 2016.

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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.

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.

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.

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.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

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.

DEBT SERVICE FUNDS

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

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.

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.

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CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	Gas Tax	TDA Non-Transit Use	Park Maintenance Tax	Cable TV
ASSETS				
Cash and investments	\$721,298			\$1,569,096
Accrued interest	869			1,433
Receivables:				
General accounts			\$69,266	114,895
Grants	99,811	\$777,835		66,101
Utility accounts				
Loans				
Total Assets	<u>\$821,978</u>	<u>\$777,835</u>	<u>\$69,266</u>	<u>\$1,751,525</u>
LIABILITIES				
Accounts payable	\$82,903			\$1,361
Wages payable	3,908			5,642
Unearned revenue				
Due to other funds		\$406,477	\$55,976	
Total Liabilities	<u>86,811</u>	<u>406,477</u>	<u>55,976</u>	<u>7,003</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
FUND BALANCES				
Fund balances:				
Restricted	735,167	371,358	13,290	
Committed				1,744,522
Unassigned				
Total Fund Balances	<u>735,167</u>	<u>371,358</u>	<u>13,290</u>	<u>1,744,522</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$821,978</u>	<u>\$777,835</u>	<u>\$69,266</u>	<u>\$1,751,525</u>

SPECIAL REVENUE FUNDS

Public Safety	Municipal Arts	Child Care Grant	Subdivision In-Lieu Park Fees	In-Lieu of Parking Payments	Parking	Federal/State Highway Grant	Community Development Block Grant
	\$38,480 35	\$463,089	\$616,538 839	\$462,352 425	\$339,668 313	\$369,855 340	\$15,784
\$110,029		43,762				157,070	80,519
227,094							1,755,324
<u>\$337,123</u>	<u>\$38,515</u>	<u>\$506,851</u>	<u>\$617,377</u>	<u>\$462,777</u>	<u>\$339,981</u>	<u>\$527,265</u>	<u>\$1,851,627</u>
	\$260	\$33,566	\$31,621		\$570 431	\$37,284	\$8,403 4,064
\$120,837 210,166							
<u>331,003</u>	<u>260</u>	<u>33,566</u>	<u>31,621</u>		<u>1,001</u>	<u>37,284</u>	<u>12,467</u>
						157,070	53,448
		473,285				332,911	1,785,712
6,120	38,255		585,756	\$462,777	338,980		
<u>6,120</u>	<u>38,255</u>	<u>473,285</u>	<u>585,756</u>	<u>462,777</u>	<u>338,980</u>	<u>332,911</u>	<u>1,785,712</u>
<u>\$337,123</u>	<u>\$38,515</u>	<u>\$506,851</u>	<u>\$617,377</u>	<u>\$462,777</u>	<u>\$339,981</u>	<u>\$527,265</u>	<u>\$1,851,627</u>

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

SPECIAL REVENUE FUNDS				
	Operational Grants	Agriculture Land Acquisition	Davisville Book	Historical Fund
ASSETS				
Cash and investments		\$401,185	\$2,050	\$10
Accrued interest		369	2	
Receivables:				
General accounts				
Grants	\$379,501			
Utility accounts				
Loans				
Total Assets	<u>\$379,501</u>	<u>\$401,554</u>	<u>\$2,052</u>	<u>\$10</u>
LIABILITIES				
Accounts payable	\$34,996			
Wages payable	5,361			
Unearned revenue				
Due to other funds	<u>477,898</u>			
Total Liabilities	<u>518,255</u>			
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>268,236</u>			
FUND BALANCES				
Fund balances:				
Restricted				
Committed		\$401,554	\$2,052	\$10
Unassigned	<u>(406,990)</u>			
Total Fund Balances	<u>(406,990)</u>	<u>401,554</u>	<u>2,052</u>	<u>10</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$379,501</u>	<u>\$401,554</u>	<u>\$2,052</u>	<u>\$10</u>

SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS				
Brinley/Hattie Weber	Association of Bay Area Governments Certificates of Participation	Davis Research Park	Arlington Boulevard Benefit Area	Capital Grants	Davis Land Acquisition	Public Facilities Financing Authority
\$3,707 3		\$793,020 729	\$379,194 349	\$212,441 265	\$1,568,278 1,442	\$219,414 202
<u>\$3,710</u>		<u>\$793,749</u>	<u>\$379,543</u>	<u>\$212,706</u>	<u>\$1,569,720</u>	<u>\$219,616</u>
				\$19,845		
				19,845		
\$3,710		\$793,749	\$379,543	192,861	\$1,569,720	\$219,616
<u>3,710</u>		<u>793,749</u>	<u>379,543</u>	<u>192,861</u>	<u>1,569,720</u>	<u>219,616</u>
<u>\$3,710</u>		<u>\$793,749</u>	<u>\$379,543</u>	<u>\$212,706</u>	<u>\$1,569,720</u>	<u>\$219,616</u>

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	<u>CAPITAL PROJECTS FUNDS</u>		
	<u>Oxford Circle Park and Parking Lot</u>	<u>Downtown Area Capital Revitalization</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and investments	\$49,797		\$8,225,256
Accrued interest	46		7,661
Receivables:			
General accounts			294,190
Grants			1,604,599
Utility accounts			227,094
Loans		\$36,804	1,792,128
Total Assets	<u>\$49,843</u>	<u>\$36,804</u>	<u>\$12,150,928</u>
LIABILITIES			
Accounts payable			\$250,809
Wages payable			19,406
Unearned revenue			120,837
Due to other funds			1,150,517
Total Liabilities			<u>1,541,569</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue			478,754
FUND EQUITY			
Fund balances:			
Restricted	\$49,843		6,917,055
Committed		\$36,804	3,620,540
Unassigned			(406,990)
Total Fund Balances	<u>49,843</u>	<u>36,804</u>	<u>10,130,605</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$49,843</u>	<u>\$36,804</u>	<u>\$12,150,928</u>

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CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	Gas Tax	TDA Non-Transit Use	Park Maintenance Tax	Cable TV
REVENUES				
Taxes			\$1,367,935	\$562,866
Use of money and property	\$3,548		349	5,386
Intergovernmental	1,384,337	\$777,835		162,542
Charges for current services				
Development fees				
Other				
Total Revenues	1,387,885	777,835	1,368,284	730,794
EXPENDITURES				
Current:				
City Manager				12,714
Administrative service				604,032
Community development				
Parks and community services			1,355,000	63,539
Public safety - fire				
Public safety - police				
Public works	2,107,318	571,784		
Special projects				
Capital outlay	487			39,781
Debt Service				
Interest and fiscal charges				
Total Expenditures	2,107,805	571,784	1,355,000	720,066
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(719,920)	206,051	13,284	10,728
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(719,920)	206,051	13,284	10,728
BEGINNING FUND BALANCES	1,455,087	165,307	6	1,733,794
ENDING FUND BALANCES	\$735,167	\$371,358	\$13,290	\$1,744,522

SPECIAL REVENUE FUNDS

Public Safety	Municipal Arts	Child Care Grant	Subdivision In-Lieu Park Fees	In-Lieu of Parking Payments	Parking	Federal/State Highway Grants	Community Development Block Grant
\$481,685 32 94,612 2,575,014	\$125 3,809	\$159,458 1,185	\$2,788 157,338	\$1,566	\$95,680	\$1,326 63,688	\$297,908
					27		
3,151,343	3,934	160,643	160,126	1,566	95,707	65,014	297,908
41,079 1,469,357 1,660,539	5,950	84,524			35,216 40,619		
						1,252	
8,916			365,349		5,425	120,183	361,215 41,319
3,179,891	5,950	84,524	365,349		81,260	121,435	402,534
(28,548)	(2,016)	76,119	(205,223)	1,566	14,447	(56,421)	(104,626)
			382,804				
			382,804				
(28,548)	(2,016)	76,119	177,581	1,566	14,447	(56,421)	(104,626)
34,668	40,271	397,166	408,175	461,211	324,533	389,332	1,890,338
\$6,120	\$38,255	\$473,285	\$585,756	\$462,777	\$338,980	\$332,911	\$1,785,712
							(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	SPECIAL REVENUE FUNDS			
	Operational Grants	Agriculture Land Acquisition	Davisville Book	Historical
REVENUES				
Taxes				
Use of money and property	\$8	\$1,379	\$7	
Intergovernmental	982,466			
Charges for current services			255	
Development fees				
Other				
Total Revenues	982,474	1,379	262	
EXPENDITURES				
Current:				
City Manager				
Administrative service				
Community development		25,237		
Parks and community services				
Public safety - fire				
Public safety - police				
Public works				
Special projects	1,306,559			
Capital outlay	101,218			
Debt Service				
Interest and fiscal charges				
Total Expenditures	1,407,777	25,237		
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(425,303)	(23,858)	262	
OTHER FINANCING SOURCES (USES)				
Transfers in				
Transfers out				
Total Other Financing Sources (Uses)				
Net Change in Fund Balance	(425,303)	(23,858)	262	
BEGINNING FUND BALANCES	18,313	425,412	1,790	\$10
ENDING FUND BALANCES	(\$406,990)	\$401,554	\$2,052	\$10

SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS				
Brinley/Hattie Weber	Association of Bay Area Governments Certificates of Participation	Davis Research Park	Arlington Boulevard Benefit Area	Capital Grants	Davis Land Acquisition	Public Facilities Financing Authority
\$12	\$383	\$2,686	\$1,285	\$710 324,111	\$5,312	\$744
12	383	2,686	1,285	324,821	5,312	744
				294,079		
	1,700					
	1,700			294,079		
12	(1,317)	2,686	1,285	30,742	5,312	744
	(382,804)					
	(382,804)					
12	(384,121)	2,686	1,285	30,742	5,312	744
3,698	384,121	791,063	378,258	162,119	1,564,408	218,872
\$3,710		\$793,749	\$379,543	\$192,861	\$1,569,720	\$219,616
						(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	CAPITAL PROJECTS FUNDS		
	Oxford Circle Park and Parking Lot	Downtown Area Capital Revitalization	Total Nonmajor Governmental Funds
REVENUES			
Taxes			\$2,412,486
Use of money and property	\$169		123,495
Intergovernmental			4,246,957
Charges for current services			2,576,454
Development fees			161,147
Other			27
Total Revenues	169		9,520,566
EXPENDITURES			
Current:			
City Manager			12,714
Administrative service			680,327
Community development			71,806
Parks and community services			1,503,063
Public safety - fire			1,469,357
Public safety - police			1,660,539
Public works			2,680,354
Special projects		\$4,863,769	6,531,543
Capital outlay			976,757
Debt Service			
Interest and fiscal charges			1,700
Total Expenditures		4,863,769	15,588,160
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	169	(4,863,769)	(6,067,594)
OTHER FINANCING SOURCES (USES)			
Transfers in			382,804
Transfers out			(382,804)
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	169	(4,863,769)	(6,067,594)
BEGINNING FUND BALANCES	49,674	4,900,573	16,198,199
ENDING FUND BALANCES	\$49,843	\$36,804	\$10,130,605

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CITY OF DAVIS
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	GAS TAX			TDA NON-TRANSIT USE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$1,500	\$3,548	\$2,048			
Intergovernmental	1,412,033	1,384,337	(27,696)	\$1,092,506	\$777,835	(\$314,671)
Charges for current services						
Development fees						
Other						
Total Revenues	<u>1,413,533</u>	<u>1,387,885</u>	<u>(25,648)</u>	<u>1,092,506</u>	<u>777,835</u>	<u>(314,671)</u>
EXPENDITURES						
Current:						
City Manager						
Administrative services						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works	2,458,075	2,107,318	350,757	948,700	571,784	376,916
Special projects						
Capital outlay	487	487				
Debt Service						
Interest and fiscal charges						
Total Expenditures	<u>2,458,562</u>	<u>2,107,805</u>	<u>350,757</u>	<u>948,700</u>	<u>571,784</u>	<u>376,916</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
Net Change in Fund Balance	<u>(\$1,045,029)</u>	<u>(719,920)</u>	<u>\$325,109</u>	<u>\$143,806</u>	<u>206,051</u>	<u>\$62,245</u>
BEGINNING FUND BALANCE		<u>1,455,087</u>			<u>165,307</u>	
ENDING FUND BALANCE		<u>\$735,167</u>			<u>\$371,358</u>	

PARK MAINTENANCE TAX			CABLE TV			PUBLIC SAFETY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,355,000	\$1,367,935	\$12,935	\$545,000	\$562,866	\$17,866	\$491,000	\$481,685	(\$9,315)
	349	349	2,100	5,386	3,286	100	32	(68)
			92,500	162,542	70,042	94,611	94,612	1
						2,654,982	2,575,014	(79,968)
			200		(200)			
<u>1,355,000</u>	<u>1,368,284</u>	<u>13,284</u>	<u>639,800</u>	<u>730,794</u>	<u>90,994</u>	<u>3,240,693</u>	<u>3,151,343</u>	<u>(89,350)</u>
			75,405	12,714	62,691			
			636,286	604,032	32,254	50,768	41,079	9,689
1,355,000	1,355,000		130,333	63,539	66,794			
						1,558,478	1,469,357	89,121
						1,646,577	1,660,539	(13,962)
			83,705	39,781	43,924	15,007	8,916	6,091
<u>1,355,000</u>	<u>1,355,000</u>		<u>925,729</u>	<u>720,066</u>	<u>205,663</u>	<u>3,270,830</u>	<u>3,179,891</u>	<u>90,939</u>
	13,284	\$13,284	(\$285,929)	10,728	\$296,657	(\$30,137)	(28,548)	\$1,589
	6			1,733,794			34,668	
	\$13,290			\$1,744,522			\$6,120	

(Continued)

CITY OF DAVIS
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	MUNICIPAL ARTS			CHILD CARE GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$50	\$125	\$75	\$300		(\$300)
Intergovernmental				18,400	\$159,458	141,058
Charges for current services					1,185	1,185
Development fees		3,809	3,809			
Other						
Total Revenues	50	3,934	3,884	18,700	160,643	141,943
EXPENDITURES						
Current:						
City Manager						
Administrative services	23,329	5,950	17,379			
Community development				192,358	84,524	107,834
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital outlay						
Debt Service						
Interest and fiscal charges						
Total Expenditures	23,329	5,950	17,379	192,358	84,524	107,834
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
Net Change in Fund Balance	<u>(\$23,279)</u>	<u>(2,016)</u>	<u>\$21,263</u>	<u>(\$173,658)</u>	76,119	<u>\$249,777</u>
BEGINNING FUND BALANCE		40,271			397,166	
ENDING FUND BALANCE		<u>\$38,255</u>			<u>\$473,285</u>	

SUBDIVISION IN-LIEU PARK FEES			IN-LIEU OF PARKING PAYMENTS			PARKING		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,200	\$2,788	\$1,588	\$600	\$1,566	\$966	\$82,000	\$95,680	\$13,680
249,810	157,338	(92,472)	20,000		(20,000)		27	27
251,010	160,126	(90,884)	20,600	1,566	(19,034)	82,000	95,707	13,707
						35,514	35,216	298
						254,802	40,619	214,183
384,122	365,349	18,773				98,542	5,425	93,117
384,122	365,349	18,773				388,858	81,260	307,598
384,122	382,804	(1,318)						
384,122	382,804	(1,318)						
\$251,010	177,581	(\$73,429)	\$20,600	1,566	(\$19,034)	(\$306,858)	14,447	\$321,305
	408,175			461,211			324,533	
	\$585,756			\$462,777			\$338,980	

(Continued)

CITY OF DAVIS
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	FEDERAL/STATE HIGHWAY GRANTS			COMMUNITY DEVELOPMENT BLOCK GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$450	\$1,326	\$876			
Intergovernmental	7,181,029	63,688	(7,117,341)	\$954,236	\$297,908	(\$656,328)
Charges for current services						
Development fees						
Other						
Total Revenues	<u>7,181,479</u>	<u>65,014</u>	<u>(7,116,465)</u>	<u>954,236</u>	<u>297,908</u>	<u>(656,328)</u>
EXPENDITURES						
Current:						
City Manager						
Administrative services						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works	12,900	1,252	11,648			
Special projects				669,008	361,215	307,793
Capital outlay	6,962,768	120,183	6,842,585	361,335	41,319	320,016
Debt Service						
Interest and fiscal charges						
Total Expenditures	<u>6,975,668</u>	<u>121,435</u>	<u>6,854,233</u>	<u>1,030,343</u>	<u>402,534</u>	<u>627,809</u>
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
Net Change in Fund Balance	<u>\$205,811</u>	<u>(56,421)</u>	<u>(\$262,232)</u>	<u>(\$76,107)</u>	<u>(104,626)</u>	<u>(\$28,519)</u>
BEGINNING FUND BALANCE		<u>389,332</u>			<u>1,890,338</u>	
ENDING FUND BALANCE		<u>\$332,911</u>			<u>\$1,785,712</u>	

OPERATIONAL GRANTS			AGRICULTURE LAND ACQUISITION			DAVISVILLE BOOK		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$100	\$8	(\$92)	\$450	\$1,379	\$929		\$7	\$7
1,929,871	982,466	(947,405)					255	255
1,929,971	982,474	(947,497)	450	1,379	929		262	262
			36,773	25,237	11,536			
1,711,004	1,306,559	404,445						
122,980	101,218	21,762						
1,833,984	1,407,777	426,207	36,773	25,237	11,536			
\$95,987	(425,303)	(\$521,290)	(\$36,323)	(23,858)	\$12,465		262	\$262
	18,313			425,412			1,790	
	(\$406,990)			\$401,554			\$2,052	

(Continued)

CITY OF DAVIS
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	HISTORICAL			BRINLEY/HATTIE WEBER		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$10		(\$10)		\$12	\$12
Intergovernmental						
Charges for current services						
Development fees						
Other						
Total Revenues	10		(10)		12	12
EXPENDITURES						
Current:						
City Manager						
Administrative services						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital outlay						
Debt Service						
Interest and fiscal charges						
Total Expenditures						
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
Net Change in Fund Balance	<u>\$10</u>		<u>(\$10)</u>	<u></u>	<u>12</u>	<u>\$12</u>
BEGINNING FUND BALANCE		<u>\$10</u>			<u>3,698</u>	
ENDING FUND BALANCE		<u>\$10</u>			<u>\$3,710</u>	

(Continued)

ASSOCIATION OF BAY AREA GOVERNMENTS CERTIFICATES OF PARTICIPATION			DAVIS RESEARCH PARK			ARLINGTON BOULEVARD BENEFIT AREA		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$500	\$383	(\$117)	\$1,000	\$2,686	\$1,686	\$500	\$1,285	\$785
500	383	(117)	1,000	2,686	1,686	500	1,285	785
	1,700	(1,700)						
	1,700	(1,700)						
(384,122)	(382,804)	1,318						
(384,122)	(382,804)	1,318						
(383,622)	(384,121)	(\$499)	\$1,000	2,686	\$1,686	\$500	1,285	\$785
	384,121			791,063			378,258	
				\$793,749			\$379,543	

CITY OF DAVIS
BUDGETED NON-MAJOR FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	CAPITAL GRANTS			DAVIS LAND ACQUISITION		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$100	\$710	\$610	\$2,100	\$5,312	\$3,212
Intergovernmental	527,204	324,111	(203,093)			
Charges for current services						
Development fees						
Other						
	<u>527,304</u>	<u>324,821</u>	<u>(202,483)</u>	<u>2,100</u>	<u>5,312</u>	<u>3,212</u>
EXPENDITURES						
Current:						
City Manager						
Administrative services						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital outlay	456,867	294,079	162,788			
Debt Service						
Interest and fiscal charges						
	<u>456,867</u>	<u>294,079</u>	<u>162,788</u>			
OTHER FINANCING SOURCES (USES)						
Transfers in						
Transfers out						
Total Other Financing Sources (Uses)						
Net Change in Fund Balance	<u>\$70,437</u>	<u>30,742</u>	<u>(\$39,695)</u>	<u>\$2,100</u>	<u>5,312</u>	<u>\$3,212</u>
BEGINNING FUND BALANCE		<u>162,119</u>			<u>1,564,408</u>	
ENDING FUND BALANCE		<u>\$192,861</u>			<u>\$1,569,720</u>	

(Continued)

PUBLIC FACILITIES FINANCING AUTHORITY			OXFORD CIRCLE PARK AND PARKING LOT			DOWNTOWN AREA CAPITAL REVITALIZATION		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$300	\$744	\$444	\$100	\$169	\$69	\$10,086		(\$10,086)
300	744	444	100	169	69	10,086		(10,086)
						4,863,769	\$4,863,769	
						4,863,769	4,863,769	
\$300	744	\$444	\$100	169	\$69	(\$4,853,683)	(4,863,769)	(\$10,086)
	218,872			49,674			4,900,573	
	\$219,616			\$49,843			\$36,804	

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INTERNAL SERVICE FUNDS

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

General Services Fund – This fund accounts for the financial activities 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 services.

Building Maintenance Fund – This fund accumulates the costs for the City’s building and electrical maintenance services.

City Self-Insurance Fund – This fund accumulates costs of the City’s insurance and risk management programs to permit a cost recovery insurance fee to be charged against City operating programs.

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

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
ASSETS					
Cash and investments	\$17,339,573	\$464,935	\$2,098,897		\$19,903,405
Accrued interest	15,764	425	1,940		18,129
Accounts receivable	34,643		26,734		61,377
Inventory	333,634				333,634
Prepaid items			20,584		20,584
Advances to other funds	792,620				792,620
Capital assets:					
Non-depreciable	80,274	17,840			98,114
Depreciable	14,296,212	237,538			14,533,750
Accumulated depreciation	(8,690,685)	(14,648)			(8,705,333)
Total Assets	<u>24,202,035</u>	<u>706,090</u>	<u>2,148,155</u>		<u>27,056,280</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	<u>644,643</u>	<u>163,018</u>	<u>124,995</u>		<u>932,656</u>
Total Assets and Deferred Outflows of Resources	<u>24,846,678</u>	<u>869,108</u>	<u>2,273,150</u>		<u>27,988,936</u>
LIABILITIES					
Payables:					
Accounts	50,722	48,339	834,760	\$24,809	958,630
Wages	50,244	10,113	12,979	63,412	136,748
Leave benefits	98,306	12,511			110,817
Due to other funds				2,275,415	2,275,415
Net pension liability	3,690,551	933,271	715,592		5,339,414
Claims payable:					
Due within one year			115,512		115,512
Due in more than one year			216,627		216,627
Total Liabilities	<u>3,889,823</u>	<u>1,004,234</u>	<u>1,895,470</u>	<u>2,363,636</u>	<u>9,153,163</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	<u>660,532</u>	<u>167,036</u>	<u>128,076</u>		<u>955,644</u>
Total Liabilities and Deferred Inflows of Resources	<u>4,550,355</u>	<u>1,171,270</u>	<u>2,023,546</u>	<u>2,363,636</u>	<u>10,108,807</u>
NET POSITION					
Net investment in capital assets	5,685,801	240,730			5,926,531
Unrestricted	<u>14,610,522</u>	<u>(542,892)</u>	<u>249,604</u>	<u>(2,363,636)</u>	<u>11,953,598</u>
Total Net Position	<u>\$20,296,323</u>	<u>(\$302,162)</u>	<u>\$249,604</u>	<u>(\$2,363,636)</u>	<u>\$17,880,129</u>

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
OPERATING REVENUES					
Charges for current services	\$6,974,357	\$1,710,717	\$14,132,974	\$3,099,493	\$25,917,541
Total Operating Revenues	6,974,357	1,710,717	14,132,974	3,099,493	25,917,541
OPERATING EXPENSES					
Central stores	269,765				269,765
Central equipment	1,059,286				1,059,286
Duplication - postal	130,394				130,394
City administrative facility maintenance	235,814	1,633,455			1,869,269
Insurance administration			358,424		358,424
Insurance premiums			13,068,392		13,068,392
Litigation			116,487		116,487
MIS services	2,071,759				2,071,759
Leave benefits paid				2,679,648	2,679,648
Depreciation	847,534	4,751			852,285
Total Operating Expenses	4,614,552	1,638,206	13,543,303	2,679,648	22,475,709
Operating Income (Loss)	2,359,805	72,511	589,671	419,845	3,441,832
NONOPERATING REVENUES					
Interest income	56,545	1,561	3,585		61,691
Other	349,625		2,220		351,845
Total Nonoperating Revenues	406,170	1,561	5,805		413,536
Income (Loss) before transfers	2,765,975	74,072	595,476	419,845	3,855,368
Change in Net Assets	2,765,975	74,072	595,476	419,845	3,855,368
BEGINNING NET POSITION (DEFICIT)	17,530,348	(376,234)	(345,872)	(2,783,481)	14,024,761
ENDING NET POSITION (DEFICIT)	\$20,296,323	(\$302,162)	\$249,604	(\$2,363,636)	\$17,880,129

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2016

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$7,295,350	\$1,708,309	\$14,137,443	\$3,099,493	\$26,240,595
Payments to suppliers	(3,555,146)		(12,668,519)	8,871	(16,214,794)
Payments to employees	(935,889)	(1,682,106)	(507,457)	(2,755,014)	(5,880,466)
Claims paid			(143,187)		(143,187)
Cash Flows from Operating Activities	<u>2,804,315</u>	<u>26,203</u>	<u>818,280</u>	<u>353,350</u>	<u>4,002,148</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts	117,804				117,804
Interfund (payments)				(353,350)	(353,350)
Cash Flows from Noncapital Financing Activities	<u>117,804</u>			<u>(353,350)</u>	<u>(235,546)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Sales (Acquisitions) of capital assets, net	(1,000,852)	(17,840)			(1,018,692)
Cash Flows from Capital and Related Financing Activities	<u>(1,000,852)</u>	<u>(17,840)</u>			<u>(1,018,692)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	49,577	1,425	1,981		52,983
Cash Flows from Investing Activities	<u>49,577</u>	<u>1,425</u>	<u>1,981</u>		<u>52,983</u>
Net Cash Flows	1,970,844	9,788	820,261		2,800,893
Cash and investments at beginning of period	<u>15,368,729</u>	<u>455,147</u>	<u>1,278,636</u>		<u>17,102,512</u>
Cash and investments at end of period	<u><u>\$17,339,573</u></u>	<u><u>\$464,935</u></u>	<u><u>\$2,098,897</u></u>		<u><u>\$19,903,405</u></u>
Reconciliation of operating income to net cash flows					
from operating activities:					
Operating income (loss)	\$2,359,805	\$72,511	\$589,671	\$419,845	\$3,441,832
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	847,534	4,751			852,285
Other revenues	349,625		2,220		351,845
Change in assets and liabilities:					
General accounts receivable	(28,632)		2,249		(26,383)
Prepaid expenses					
Inventory	16,202				16,202
Accounts payable	(40,144)	(2,408)	758,297	8,871	724,616
Wages payable	2,278	1,558	2,388	(29,528)	(23,304)
Leave benefits payable	(930)	(5,835)		(45,838)	(52,603)
Claims payable			(26,700)		(26,700)
Due to retirement system	(701,423)	(44,374)	(509,845)		(1,255,642)
Cash Flows from Operating Activities	<u><u>\$2,804,315</u></u>	<u><u>\$26,203</u></u>	<u><u>\$818,280</u></u>	<u><u>\$353,350</u></u>	<u><u>\$4,002,148</u></u>

AGENCY FUNDS

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

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.

Cannery Community Facilities District and Debt Service Fund – This fund was created in the current fiscal year to account for the expenditures of the bond proceeds and to account for assessments collected from property owners living in the district to pay the debt service associated with those bonds.

CITY OF DAVIS
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>Public Facilities Financing Authority</u>				
Assets:				
Cash and investments	\$3,910,486	\$102,496		\$4,012,982
Cash with fiscal agents	986,438		\$35,791	950,647
Accrued interest receivable	2,046	1,643		3,689
Accounts receivable	53,527		938	52,589
Total Assets	<u>\$4,952,497</u>	<u>\$104,139</u>	<u>\$36,729</u>	<u>\$5,019,907</u>
Liabilities:				
Due to bondholders	<u>\$4,952,497</u>	<u>\$104,139</u>	<u>\$36,729</u>	<u>\$5,019,907</u>
Total Liabilities	<u>\$4,952,497</u>	<u>\$104,139</u>	<u>\$36,729</u>	<u>\$5,019,907</u>
<u>Mello Roos Community Facilities District</u>				
Assets:				
Cash and investments	\$1,863,035		\$134,498	\$1,728,537
Cash with fiscal agents	368,688			368,688
Accrued interest receivable	816	\$773		1,589
Accounts receivable	72,163		890	71,273
Total Assets	<u>\$2,304,702</u>	<u>\$773</u>	<u>\$135,388</u>	<u>\$2,170,087</u>
Liabilities:				
Deposits payable	\$50,000			\$50,000
Due to bondholders	<u>2,254,702</u>	<u>\$773</u>	<u>\$135,388</u>	<u>2,120,087</u>
Total Liabilities	<u>\$2,304,702</u>	<u>\$773</u>	<u>\$135,388</u>	<u>\$2,170,087</u>
<u>University Research Park</u>				
Assets:				
Cash and investments	\$404,098	\$10,841		\$414,939
Accrued interest receivable	197	185		382
Accounts receivable	9,393	283		9,676
Total Assets	<u>\$413,688</u>	<u>\$11,309</u>		<u>\$424,997</u>
Liabilities:				
Due to bondholders	<u>\$413,688</u>	<u>\$11,309</u>		<u>\$424,997</u>
Total Liabilities	<u>\$413,688</u>	<u>\$11,309</u>		<u>\$424,997</u>

CITY OF DAVIS
AGENCY FUNDS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<u>Special Assessment Parking District #3</u>				
Assets:				
Cash and investments	\$132,522	\$403		\$132,925
Accrued interest receivable	75	48		123
Total Assets	<u>\$132,597</u>	<u>\$451</u>		<u>\$133,048</u>
Liabilities:				
Due to bondholders	<u>\$132,597</u>	<u>\$451</u>		<u>\$133,048</u>
Total Liabilities	<u>\$132,597</u>	<u>\$451</u>		<u>\$133,048</u>
<u>Woodland-Davis Clean Water Agency JPA</u>				
Assets:				
Cash and investments	\$21,999,257	\$1,950,030		\$23,949,287
Accrued interest receivable		22,004		22,004
Total Assets	<u>\$21,999,257</u>	<u>\$1,972,034</u>		<u>\$23,971,291</u>
Liabilities:				
Accounts payable	\$12,984,085	\$1,301,921	\$12,984,085	\$1,301,921
Due to members	<u>9,015,172</u>	<u>22,669,370</u>	<u>9,015,172</u>	<u>22,669,370</u>
Total Liabilities	<u>\$21,999,257</u>	<u>\$23,971,291</u>	<u>\$21,999,257</u>	<u>\$23,971,291</u>
<u>Cannery Bond and Debt Service</u>				
Assets:				
Cash and investments		\$4,579		\$4,579
Cash with fiscal agents		<u>1,328,439</u>		<u>1,328,439</u>
Total Assets		<u>\$1,333,018</u>		<u>\$1,333,018</u>
Liabilities:				
Due to bondholders		<u>\$1,333,018</u>		<u>\$1,333,018</u>
Total Liabilities		<u>\$1,333,018</u>		<u>\$1,333,018</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$28,309,398	\$2,068,349	\$134,498	\$30,243,249
Cash with fiscal agents	1,355,126	1,328,439	35,791	2,647,774
Accounts receivable	135,083	283		135,366
Accrued interest receivable	<u>3,134</u>	<u>24,653</u>	<u>1,828</u>	<u>25,959</u>
Total Assets	<u>\$29,802,741</u>	<u>\$3,421,724</u>	<u>\$172,117</u>	<u>\$33,052,348</u>
Liabilities:				
Accounts payable	\$12,984,085	\$1,301,921	\$12,984,085	\$1,301,921
Deposits payable	50,000			50,000
Due to members	9,015,172	22,669,370	9,015,172	22,669,370
Due to bondholders	<u>7,753,484</u>	<u>1,449,690</u>	<u>172,117</u>	<u>9,031,057</u>
Total Liabilities	<u>\$29,802,741</u>	<u>\$25,420,981</u>	<u>\$22,171,374</u>	<u>\$33,052,348</u>

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STATISTICAL SECTION

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

Financial Trends

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

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

Revenue Capacity

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

1. Citywide Assessed Value and Estimated Actual Value of Taxable Property
2. Assessed Value of Property by Use Code, Citywide
3. Principal Property Tax Payers
4. Property Tax Levies and Collections

Debt Capacity

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

1. Ratio of Outstanding Debt by Type

Demographic and Economic Information

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

1. Demographic and Economic Statistics
2. Principal Employers

Operating Information

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

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

Sources

Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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City of Davis

Net Position by Component (Unaudited) Last Ten Fiscal Years (Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental activities										
Invested in capital assets, net of related debt	\$274,639,149	\$268,196,258	\$252,723,158	\$230,339,089	\$219,145,446	\$250,695,740	\$247,797,970	\$242,575,554	\$240,360,485	\$242,813,290
Restricted	77,157,422	82,394,483	90,708,023	87,064,955	95,845,260	66,227,858	67,365,068	69,746,280	75,927,570	69,365,224
Unrestricted	11,068,382	7,754,642	2,784,364	11,656,610	(8,572,349)	13,515,454	15,540,261	18,474,120	(46,521,260)	(38,118,928)
Total governmental activities net position	\$362,864,953	\$358,345,383	\$346,215,545	\$329,060,654	\$306,418,357	\$330,439,052	\$330,703,299	\$330,795,954	\$269,766,795	\$274,059,586
Business-type activities										
Invested in capital assets, net of related debt	\$223,527,504	\$221,228,535	\$224,029,039	\$228,167,880	\$223,254,657	\$222,630,293	\$222,668,422	\$225,975,439	\$235,769,713	\$274,098,197
Restricted	85,847				69,850					
Unrestricted	23,426,544	29,101,435	31,689,545	28,963,136	37,774,437	44,957,358	50,530,091	55,468,805	33,484,489	7,571,560
Total business-type activities net position	\$247,039,895	\$250,329,970	\$255,718,584	\$257,131,016	\$261,098,944	\$267,587,651	\$273,198,513	\$281,444,244	\$269,254,202	\$281,669,757
Primary government										
Invested in capital assets, net of related debt	\$498,166,653	\$489,424,793	\$476,752,197	\$458,506,969	\$442,400,103	\$473,326,033	\$470,466,392	\$468,550,993	\$476,130,198	\$516,911,487
Restricted	77,243,269	82,394,483	90,708,023	87,064,955	95,915,110	66,227,858	67,365,068	69,746,280	75,927,570	69,365,224
Unrestricted	34,494,926	36,856,077	344,973,909	40,619,746	29,202,088	58,472,812	66,070,352	73,942,925	(13,036,771)	(30,547,368)
Total primary government net position	\$609,904,848	\$608,675,353	\$912,434,129	\$586,191,670	\$567,517,301	\$598,026,703	\$603,901,812	\$612,240,198	\$539,020,997	\$555,729,343

Source:

City of Davis Comprehensive Annual Financial Report

Notes:

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

City of Davis

Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
City Council	\$104,250	\$113,670	\$165,297	\$120,068	\$174,137	\$171,419	\$159,950	\$123,958	\$161,024	\$145,424
City Attorney	417,718	383,943	362,152	331,121	307,893	347,920	256,183	545,258	296,143	323,152
City Manager	2,187,416	2,305,569	2,247,736	2,157,842	2,464,895	2,655,486	2,479,529	2,675,550	1,950,060	2,278,240
Finance/ Administrative Services	1,932,653	2,157,409	2,303,333	2,113,284	2,206,587	2,007,813	2,928,562	2,638,260	3,038,094	2,947,477
Public Safety	22,754,582	24,805,660	26,156,968	27,772,647	25,224,672	24,116,311	25,379,748	25,827,801	26,983,139	30,392,391
Public Works	20,387,984	21,430,517	23,333,235	27,364,557	28,375,753	11,729,258	11,017,979	11,648,005	13,115,703	16,982,041
Community Development	3,590,336	3,834,291	3,719,243	2,998,509	3,307,303	3,145,307	3,720,192	3,986,695	5,290,390	4,911,814
Parks and Community Services	25,640,697	28,899,628	30,071,359	27,268,525	21,141,859	19,844,557	18,631,071	20,402,817	16,284,031	12,508,057
Interest on Long Term Debt	2,814,189	518,674	1,391,009	1,429,321	2,798,312	1,612,400				1,700
Total Governmental Activities Expenses	79,829,825	84,449,361	89,752,332	91,555,874	86,001,411	65,630,471	64,573,214	67,848,344	67,118,584	70,490,296
Business-Type Activities:										
Water	8,713,651	9,393,349	9,236,481	10,266,380	9,946,088	9,918,275	10,068,660	11,723,007	9,861,390	10,973,763
Sanitation	8,292,311	8,657,912	8,777,295	8,986,002	9,169,294	9,312,527	9,627,387	9,943,532	10,358,515	11,146,472
Sewer	7,756,636	8,543,712	8,803,769	8,727,978	8,247,337	8,554,364	8,230,219	8,368,186	8,759,829	7,937,827
Storm Sewer	3,058,338	3,145,490	2,832,790	2,947,887	3,868,242	3,529,576	3,733,250	3,713,758	3,669,452	3,940,656
Public transit	3,388,419	5,875,783	7,718,465	11,787,091	4,306,554	4,183,327	4,254,687	5,818,308	6,387,279	3,639,352
Total Business-Type Activities Expenses	31,209,355	35,616,246	37,368,800	42,715,338	35,537,515	35,498,069	35,914,203	39,566,791	39,036,465	37,638,070
Total Primary Government Expenses	\$111,039,180	\$120,065,607	\$127,121,132	\$134,271,212	\$121,538,926	\$101,128,540	\$100,487,417	\$107,415,135	\$106,155,049	\$108,128,366
Program Revenues										
Governmental Activities:										
Charges for Services:										
City Council			\$13,997	\$44,730	\$15,109	\$100,942	\$70,706	\$10,131		
City Attorney	\$15,894	\$14,021	59,746	59,294	6,312	208,453	125,140	1,685,900	\$1,305,413	\$1,198,861
City Manager	5,777	7,883				1,174,427	1,040,984	2,025,757	2,133,568	2,161,816
Finance/ Administrative Services	1,264,306	1,686,126	2,335,059	2,399,082	2,593,006	1,331,101	2,010,666	2,144,146	2,095,092	2,286,771
Public Safety	2,192,385	2,438,460	2,104,655	2,095,245	2,169,650	2,173,112	2,002,577	1,274,263	1,110,862	1,767,216
Public Works	194,982	548,021	360,110	334,326	333,556	376,451	1,297,864	2,410,773	4,634,131	2,373,366
Community Development	2,132,203	2,204,448	2,009,982	1,780,545	2,378,826	2,675,128	2,897,864	4,510,095	3,306,893	4,365,102
Parks and Community Services	2,546,902	2,594,141	2,743,358	2,733,651	2,740,804	3,123,734	3,132,569	3,109,507	12,610,463	8,127,576
Operating Grants and Contributions	19,531,035	18,585,069	22,869,051	17,535,502	15,277,248	13,784,334	12,304,697	9,602,308		
Development impact fees and permits	1,951,891	5,711,509	1,028,625	796,061	655,983					
Capital Grants and Contributions						3,800,498	3,575,866	7,124,647	2,849,594	1,025,372
Total Government Activities Program Revenues	29,835,375	33,789,678	33,524,583	27,778,436	26,170,494	28,748,180	28,435,332	30,624,619	30,504,984	24,845,757
Business-Type Activities:										
Charges for Services:										
Water	8,106,267	9,018,403	9,545,841	9,896,995	10,131,953	10,479,767	11,310,371	15,825,471	12,079,724	15,343,083
Sanitation	8,398,749	8,592,544	8,821,374	8,967,949	8,975,404	9,134,378	9,454,530	10,118,187	10,604,488	10,805,280
Sewer	11,191,703	11,919,343	13,502,462	12,751,768	12,613,144	13,120,690	14,103,581	14,264,259	14,709,852	14,595,546
Storm Sewer	1,486,683	1,567,009	1,506,083	1,519,490	1,561,457	1,605,903	1,662,303	1,701,784	1,742,022	1,724,277
Public transit	24,855	28,110	32,644	36,354	32,585	30,012	31,105	32,241	31,963	34,104
Operating Grants and Contributions	3,596,649	5,891,383	7,374,894	11,750,908	3,998,505	4,103,691	4,328,525	5,714,463	6,275,145	3,199,273
Capital Grants and Contributions	1,011,650	238,444	864,944			1,205,085				40,000
Total Business-Type Activities Program Revenues	33,816,556	37,255,236	41,648,242	44,923,464	37,313,048	39,679,526	40,890,415	47,656,405	45,443,194	45,741,563
Total Primary Government Program Revenues	\$63,651,931	\$71,044,914	\$75,172,825	\$72,701,900	\$63,483,542	\$68,427,706	\$69,325,747	\$78,281,024	\$75,948,178	\$70,587,320
Net (Expense)/Revenue										
Governmental Activities										
Business-Type Activities	(\$49,994,450)	(\$50,659,683)	(\$56,227,749)	(\$63,777,438)	(\$59,830,917)	(\$36,882,291)	(\$36,137,882)	(\$37,223,725)	(\$36,613,600)	(\$45,644,539)
Total Primary Government Net Expense	2,607,201	1,638,990	4,279,442	2,208,126	1,775,533	4,181,457	4,976,212	8,089,614	6,406,729	8,103,493
	(\$47,387,249)	(\$49,020,693)	(\$51,948,307)	(\$61,569,312)	(\$58,055,384)	(\$52,700,834)	(\$51,161,670)	(\$29,134,111)	(\$50,206,871)	(\$57,541,046)

City of Davis
Changes in Net Position (Unaudited)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

(continued)	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$18,437,026	\$19,717,475	\$19,909,233	\$20,322,775	\$20,462,811	\$10,070,329	\$10,741,612	\$11,926,326	\$12,156,824	\$13,721,604
Sales Taxes	8,834,409	9,117,999	7,733,047	8,418,817	7,894,939	8,279,385	10,267,444	10,282,592	13,302,816	16,192,725
Municipal Services	2,076,696	2,165,883	2,239,758	4,336,510	2,417,072	2,492,849	2,578,655	2,669,472	2,770,291	2,878,914
Business License	1,258,072	1,283,451	1,351,827	1,492,242	1,466,725	1,556,797	1,470,124	1,669,289	1,735,021	1,719,258
Park Maintenance	1,315,081	1,337,888	1,341,289	1,344,782	1,329,056	1,334,629	1,334,782	1,339,536	1,360,149	1,367,935
Construction	371,489	856,186	237,777	208,859	342,590	925,461	905,411	229,577	562,206	1,167,502
Open Space Protection	627,345	637,786	640,287	641,221	634,857	637,161	636,293	640,980	649,634	644,914
Franchise	1,003,229	1,022,880	1,066,032	1,034,530	1,067,657	1,089,210	1,119,918	1,141,883	1,359,272	1,704,481
Transient Occupancy Tax	1,056,691	1,120,983	1,031,031	912,456	958,434	925,477	1,436,067	1,250,725	1,319,909	1,453,819
Transfer Taxes	236,092	(214,596)					194,326	225,977	367,464	306,001
Other Taxes										
Motor Vehicle In-Lieu	4,723,196	4,888,366	4,961,873	5,054,571	5,213,376	4,879,324	4,979,748	5,291,098	5,523,938	6,146,238
Investment Earnings	3,542,701	3,313,964	1,895,335	558,490	236,141	281,322	301,030	417,751	135,148	468,830
Miscellaneous	1,452,218	719,943	1,568,513	542,805	2,495,652	554,551	436,719	231,174	1,264,593	2,165,109
Special Item: Transfer of loan from Successor Agency						1,684,904				
Extraordinary Gain: RDA Dissolution						24,083,029				
Total Government Activities	44,934,245	45,968,208	43,976,002	44,868,058	44,519,310	58,794,428	36,402,129	37,316,380	42,507,265	49,937,330
Business-Type Activities:										
Interest Earnings	1,128,852	1,301,203	814,923	318,724	298,741	174,215	110,170	77,279	75,698	306,459
Miscellaneous	326,244	135,286	294,249	131,317	336,868	298,808	524,480	78,838	243,077	4,005,603
Total Business-Type Activities	1,455,096	1,436,489	1,109,172	450,041	635,609	473,023	634,650	156,117	320,775	4,312,062
Total Primary Government	\$46,389,341	\$47,404,697	\$45,085,174	\$45,318,099	\$45,154,919	\$59,267,451	\$37,036,779	\$37,472,497	\$42,828,040	\$54,249,392
Change in Net position										
Governmental Activities	(\$5,060,205)	(\$4,691,475)	(\$12,251,747)	(\$18,909,380)	(\$15,311,607)	\$21,912,137	\$264,247	\$92,655	\$3,893,665	\$4,292,791
Business-Type Activities	4,062,297	3,075,479	5,388,614	2,658,167	2,411,142	4,654,480	5,610,862	8,245,731	6,727,504	12,415,555
Total Primary Government	(\$997,908)	(\$1,615,996)	(\$6,863,133)	(\$16,251,213)	(\$12,900,465)	\$26,566,617	\$5,875,109	\$8,338,386	\$12,621,169	\$16,708,346

Source:

City of Davis Comprehensive Annual Financial Report

Notes:

(1.) 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 restated. Refer to Note 2 in the notes to the financial statements fiscal year ended June 2012

(2.) Beginning net position of the governmental activities and business-type activities as of June 30, 2014 were restated in fiscal year 2015 due to the requirements of GASB 68.

City of Davis

Fund Balances of Governmental Funds (Unaudited) Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	\$3,183,616	\$1,308,154	\$1,304,307	\$1,279,973						
Unreserved	8,200,515	5,071,910	2,327,880	4,253,958						
Nonspendable					\$190,606	\$153,020	\$122,840	\$104,343	\$147,093	\$137,664
Restricted										
Committed										
Assigned								1,458,749		
Unassigned					6,350,652	6,101,878	7,797,107	7,973,690	15,536,438	21,551,825
Total General Fund	<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>	<u>\$9,536,782</u>	<u>\$15,683,531</u>	<u>\$21,689,489</u>
All Other Governmental Funds										
Reserved	\$28,319,649	\$36,173,371	\$39,121,878	\$37,644,210						
Unreserved, reported in:										
Special revenue funds	15,336,726	19,495,729	24,424,793	23,476,779						
Capital project funds	23,344,253	28,814,920	28,585,987	28,062,545						
Nonspendable					\$33,952,695	\$9,795,953	\$9,795,953	\$1,795,533	\$69,329,025	\$67,911,538
Restricted					29,321,073	55,900,967	55,900,967	67,657,120	8,334,135	3,620,540
Committed					8,409,293	7,654,337	7,654,337	8,058,386		
Assigned					1,555,674	1,559,189	1,559,189	383,420		
Unassigned					(399,822)	(201,277)	142,500	(1,095,591)		(406,990)
Total all other governmental funds	<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>	<u>\$76,798,868</u>	<u>\$77,663,160</u>	<u>\$71,125,088</u>

Source:

City of Davis Comprehensive Annual Financial Report

Notes:

(1.) 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.

(2.) In FY 2011, the City implemented GASB 54, which changed the classification of fund balances.

City of Davis

Changes in Fund Balance of Governmental Funds (Unaudited) Last Ten Fiscal Years (Modified Accrual Basis of Accounting)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$39,781,903	\$42,254,186	\$40,737,792	\$41,867,742	\$41,786,803	\$32,472,106	\$36,141,112	\$36,981,511	\$40,921,164	\$47,758,142
Licenses, permits and fees	107	115	209	188	182	317	353	301		
Fines and forfeitures	941,447	944,583	884,624	861,131	1,004,144	961,642	826,972	833,513	661,160	660,313
Use of money and property	3,297,325	3,671,372	2,259,142	1,074,244	1,031,044	715,761	648,017	3,362,708	2,097,332	1,640,957
Intergovernmental revenues	17,973,506	16,785,328	20,546,039	15,243,036	13,442,401	10,975,947	12,410,582	10,408,899	14,157,718	5,045,096
Charges for services	8,586,539	9,054,124	8,432,546	8,279,578	8,698,620	9,541,440	9,939,479	9,614,559	12,080,275	12,293,260
Development fees	1,423,911	4,705,005	899,051	592,374	494,460	2,583,790	2,238,192	2,011,157	923,944	797,720
Administrative fee - Enterprise Fund	1,405,458	1,794,961	2,280,423	2,316,719	2,296,790	2,523,552	2,541,485	2,626,107	2,329,522	2,260,874
Other	629,277	504,120	747,277	2,407,821	1,795,965	254,482	1,069,570	476,872	1,121,047	3,449,409
Total Revenues	74,039,473	79,713,794	76,787,103	72,642,833	70,550,409	60,029,037	65,815,762	66,315,627	74,292,162	73,905,771
Expenditures										
Current:										
City Council	111,968	124,862	124,022	129,390	161,532	146,932	150,439	124,507	168,389	162,094
City Attorney	417,718	383,943	362,152	331,121	307,893	362,967	265,804	555,619	296,143	323,152
City Manager	2,192,138	2,342,020	2,010,671	1,950,261	2,322,778	2,607,106	2,469,750	2,710,000	2,063,550	2,511,944
Finance/Administrative Services	1,987,332	2,237,186	2,140,766	2,048,770	2,119,014	2,051,852	2,983,681	2,728,275	3,204,437	3,266,870
Public safety	22,482,705	24,678,723	24,261,642	25,348,848	24,168,701	24,227,418	25,616,115	26,368,580	27,838,666	28,686,821
Public works	4,647,856	4,431,330	4,262,586	4,485,175	4,210,546	5,103,770	3,702,414	5,173,502	6,227,483	5,849,339
Community development	3,629,991	3,913,194	3,422,430	2,794,363	3,181,665	3,178,808	3,780,789	4,096,916	5,467,094	5,227,343
Parks and Community Services	22,286,696	25,113,063	24,657,652	22,543,846	18,663,508	18,077,634	16,938,350	18,163,238	14,971,458	11,681,163
Special Projects	4,962,370	6,850,876	5,237,321	11,115,111	16,750,622	1,916,055	1,996,757	1,926,030	2,077,228	7,742,821
Debt service:										
Principal repayment	685,498	1,107,915	1,060,687	923,828	1,493,799	2,316,295				1,700
Interest and fiscal charges	1,964,862	958,487	1,486,429	1,442,353	2,713,521	1,352,117				
Special assessment	87,526	88,231								
Capital Improvements	3,445,108	8,307,585	3,333,909	3,372,261	3,118,144	5,241,669	4,402,828	4,199,574	4,966,673	8,984,638
Total Expenditures	68,901,768	80,537,415	72,360,267	76,485,327	79,211,723	66,582,623	62,306,927	66,046,241	67,281,121	74,437,885
Excess (deficiency) of revenues over (under) expenditures	5,137,705	(823,621)	4,426,836	(3,842,494)	(8,661,314)	(6,553,586)	3,508,835	269,386	7,011,041	(532,114)
Other Financing Sources (Uses)										
Transfers in	5,006,158	3,500,822	4,378,832	4,990,510	29,491,616	8,278,245	660,680	8,832,713		382,804
Transfers (out)	(5,006,158)	(4,003,532)	(4,378,832)	(4,972,076)	(29,687,094)	(8,326,775)	(754,850)	(8,832,713)		(382,804)
Issuance of long-term debt	20,815,000	39,227	473,925	13,289	18,000,000					
Sale of real property								3,093,371		
Total other financing sources (uses)	8,087,484	(463,483)	473,925	31,723	17,804,522	(48,530)	(94,170)	3,093,371		
Special and Extraordinary Items										
Special Item						1,684,904				
Extraordinary Item						(18,856,040)				
Total special and extraordinary items						(17,171,136)				
Net Change in fund balances	\$13,225,189	(\$1,287,104)	\$4,900,761	(\$3,810,771)	\$9,143,208	(\$23,773,252)	\$3,414,665	\$3,362,757	\$7,011,041	(\$532,114)
Debt service as a percentage of noncapital expenditures	4.2%	3.0%	3.8%	3.2%	5.5%	6.4%				

Source:
City of Davis Comprehensive Annual Financial Report

City of Davis

Citywide Assessed Value and Estimated Actual Value of Taxable Property (Unaudited) Last Ten Fiscal Years

Fiscal Year	Secured Property	Unsecured Property	Total Assessed Value	Total Direct Tax Rate (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
2007	\$5,362,509,751	\$138,051,430	\$5,500,561,181	1.0000%	\$5,500,561,181	0.00
2008	5,684,262,465	147,078,407	5,831,340,872	1.0000%	5,831,340,872	0.00
2009	5,849,305,791	156,635,502	6,005,941,293	1.0000%	6,005,941,293	0.00
2010	5,849,305,791	151,696,172	6,001,001,963	1.0000%	6,001,001,963	0.00
2011	6,040,438,139	152,101,938	6,192,540,077	1.0000%	6,192,540,077	0.00
2012	6,045,152,582	149,987,064	6,195,139,646	1.0000%	6,195,139,646	0.00
2013	6,174,002,301	148,643,161	6,322,645,462	1.0000%	6,322,645,462	0.00
2014	6,532,936,548	149,162,860	6,682,099,408	1.0000%	6,682,099,408	0.00
2015	6,827,198,602	151,707,098	6,978,905,700	1.0000%	6,978,905,700	0.00
2016	7,133,136,703	150,409,221	7,283,545,924	1.0291%	9,868,227,909	1.35487

Sources:

Yolo Assessor data, MuniServices, LLC

2015 and prior: Prior Published CAFR

Notes:

(1.) Total Direct Tax Rate is represented by TRA 001-000

(2.) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.

City of Davis

Assessed Value of Property by Use Code, Citywide (Unaudited) Last Fiscal Year

Category	2015-16
Agriculture	1,614,307
Commercial	709,019,460
Government	
Industrial	109,972,596
Institution	208,619,210
Professional	30,955,831
Recreation	20,939,793
Residential	6,234,177,758
Rural	4,108,856
Social	41,995,317
Unknown	48,052,440
Vacant	126,499,610
Net Secured Value	7,535,955,178
Unsecured	217,740,009
Exemptions	470,149,263
Net Taxable Value	\$7,283,545,924

Sources:

San Mateo County Assessor, MuniServices, LLC

Use code categories are based on San Mateo County Assessor's data

City of Davis

Principal Property Tax Payers (Unaudited) Last Fiscal Year and Nine Years Ago

Taxpayer	2015-16		2006-07	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Mori Seiki Davis Land Holding	\$55,880,171	0.77%		
Sfc Greystone Investors L P	51,344,149	0.70%	\$31,095,718	0.57%
Sequoia Equities Cypress Point	42,859,180	0.59%	41,582,220	0.77%
Cp Iv University Village Llc	40,500,000	0.56%		
Centro Watt Property Owner I	39,442,183	0.54%	17,576,746	0.32%
Marketplace Center Inc.	36,253,650	0.50%	21,151,075	0.39%
Oakshade Regency Llc	33,745,980	0.46%		
Comcast Of Ca X Inc	32,695,738	0.45%		
Vtr Covell Lp	31,616,671	0.43%		
Target Corp	29,186,192	0.40%		
Tnhc Hw Cannery Llc	27,459,288	0.38%		
Schilling Robotics Llc	27,085,081	0.37%		
Green Leaf College Square Llc	26,147,372	0.36%		
Fine Arts Lp	25,502,526	0.35%	22,430,607	0.41%
Ih Alhambra Davis Llc	25,094,630	0.34%		
Carlton Plaza Of Davis Lp	24,903,856	0.34%		
Buzz Oates Llc	24,080,614	0.33%		
Olive Drive Partners	23,707,447	0.33%	21,144,913	0.39%
Angstenberger Rev Liv Trust	21,408,166	0.29%		
Wga Sycamore Lane Lp	20,692,149	0.28%	18,315,833	0.34%
Se Davis Llc	20,615,271	0.28%	18,130,498	0.33%
Dartbrook Twin Oaks Lp	18,447,562	0.25%		
Bridge Oakshade Lp	17,900,401	0.25%		
Adobe At Evergreen Apts Llc	17,862,869	0.25%	15,640,971	0.29%
Lee Dong K	16,280,298	0.22%		
Kirkwood Village Assoc Etal			36,515,271	0.67%
United Cable Telev Of Cal Inc			29,731,245	0.55%
Kw Davis Llc			24,000,000	0.44%
Arv Covell Llc			20,594,559	0.38%
5Th & G Plaza Inc			15,722,457	0.29%
Fairfield Cambridge Glen Llc			15,700,098	0.29%
Kaiser Health Plan Asset Mgmt			14,368,277	0.26%
Pole Line Road Holding Co Llc			13,005,000	0.24%
Walnut Park Apartments			12,819,980	0.24%
Arlington Farm Partners			12,811,767	0.24%
West Davis Associates			12,530,600	0.23%
Sacramento Properties I Llc			11,301,994	0.21%
Willows Partners			9,498,752	0.17%
Pacific Grove Investors Etal			9,494,067	0.17%
1111 J Street Apartments			8,997,171	0.17%
Davis Hallmark Partnership			8,976,189	0.17%
Total Top 25 Taxpayers	730,711,444	9.13%	463,136,008	10.52%
Total Taxable Value	\$7,283,545,924	100.00%	\$5,432,594,050	100.00%

Source:
Marin County Assessor data, MuniServices, LLC

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
2007	\$22,126,532	\$22,126,532	100.0000%	\$18,356	\$22,126,532	100.0000%
2008	23,286,515	23,286,515	100.0000%	32,657	23,286,515	100.0000%
2009	23,426,537	23,426,537	100.0000%	19,556	23,426,537	100.0000%
2010	23,763,685	23,763,685	100.0000%	5,545	23,763,685	100.0000%
2011	24,165,876	24,165,876	100.0000%	21,275	24,165,876	100.0000%
2012	23,993,724	23,993,724	100.0000%	2,777	23,993,724	100.0000%
2013	24,777,767	24,777,767	100.0000%	1,770	24,777,767	100.0000%
2014	21,233,005	21,233,005	100.0000%	3,998	21,233,005	100.0000%
2015	22,233,001	22,233,001	100.0000%	3,652	22,233,001	100.0000%
2016	23,503,506	23,503,506	100.0000%	na	23,503,506	100.0000%

Source:

Yolo County Auditor - Controller's Assessed Value Summaries

Notes:

(1.) 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

Fiscal Year	Governmental Activities					Total
	Tax Allocation Bonds	Certificates of Participation	Special Assessment Debt	General Obligation Bond	Capital Lease Obligations	
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 (1)						
2013						
2014						
2015						
2016						

Fiscal Year	Business-Type Activities					Water Revenue Bonds	Total	Total Primary Government
	Department of Water Resources	State Revolving Fund Loans	Sewer System Capital Improvement Loan	East Area Water Storage Tank Loan	Line of Credit			
2007	\$5,656,387	\$10,115,277	\$1,752,560				\$17,524,224	\$49,937,450
2008	5,160,443	9,130,789	1,639,763				15,930,995	47,196,595
2009	4,651,531	8,385,136	1,520,677				14,557,344	45,152,977
2010	4,129,424	7,620,513	1,394,951				13,144,888	42,829,982
2011	3,593,956	6,835,765	1,262,215	\$7,234,117	\$3,000,000		21,926,053	68,117,348
2012	3,202,182	6,030,364		9,614,850	6,270,000		25,117,396	25,117,396
2013	2,960,053	5,203,765		9,410,645	11,970,000		29,544,463	29,544,463
2014		3,790,855		9,198,271		\$30,000,000	42,989,126	42,989,126
2015		3,484,726		8,977,402		29,155,000	41,617,128	41,617,128
2016		28,081,729		8,747,699		28,285,000	65,114,428	65,114,428

Sources:

City of Davis

State of California, Department of Finance (population)

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

Notes:

(1) 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

Fiscal Year	City Population (1)	Personal Income (In Thousands)	Per Capita Income	Unemployment Rate	County Population (1)	City population as a % of Country	Public School Enrollment (3)
2007	64,938	\$2,348,937	\$36,172	3.3%	193,983	33.48%	0.00
2008	65,814	2,467,235	37,488	4.3%	199,066	33.06%	0.00
2009	66,005	2,378,688	36,038	7.0%	200,709	32.89%	0.00
2010	66,570	2,430,138	36,505	7.6%	201,105	33.10%	0.00
2011	66,011	2,191,235	33,195	7.7%	201,759	32.72%	0.00
2012	65,052	2,163,369	33,256	6.9%	202,133	32.18%	0.00
2013	66,471	2,187,361	32,907	6.0%	205,999	32.27%	0.00
2014	66,656	2,060,121	30,860	6.7%	206,381	32.30%	0.00
2015	66,757	2,246,106	33,646	5.4%	207,212	32.22%	0.00
2016	68,314	2,336,407	34,201	4.9%	214,555	31.84%	8,562

(-) Data Unavailable.

Source: MuniServices, LLC, U.S. Census Bureau, 2010 American Community Survey.

Source: 2008-09 and prior: prior year previous CAFR reports.

Notes:

(1.) Population Projections are provided by the California Department of Finance Projections.

(2.) Unemployment/Employment and Labor Force Data are provided by the EDD's Bureau of Labor Statistics Department.

(3.) Public School Enrollment reflects the total number of students enrolled in Pomona Unified School District only.

City of Davis

Principal Employers (Unaudited) Current Year and Last Year

Employer	2015-16			2014-15		
	Number of Employees	Rank	Percentage of Total City Employment	Number of Employees	Rank	Percentage of Total City Employment
UC Davis	23,800	1	71.47%	23,800	1	71.47%
Davis School District	1,073	2	3.22%	900	2	2.70%
City of Davis	385	3	1.16%	428	3	1.29%
Sutter Davis Hospital	380	4	1.14%	380	4	1.14%
Unitrans	291	5	0.87%	265	5	0.80%
PG&E	248	6	0.74%	248	6	0.74%
Safeway Stores	245	7	0.74%	245	7	0.74%
Nugget Market	243	8	0.73%	237	8	0.71%
University Retirement Community	218	9	0.65%	172	10	0.52%
Kaiser Permanente Medical Office	130	10	0.39%	213	9	0.64%
Subtotal	<u>27,013</u>		<u>81.12%</u>	<u>26,888</u>		<u>81.98%</u>
Total City of Davis Employment	<u>33,300</u>			<u>32,800</u>		

Source:

City of Davis Community Development Department

Notes:

(1.) * includes seasonal employees

(2.) Historical data not available

City of Davis
Full-Time Equivalent City Government Employees by Function (Unaudited)
Last Ten Fiscal Years

Function	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
General government	53.37	49.78	34.55	31.64	42.23	41.74	46.74	49.24	43.81	45.52	10.8%
Public safety	152.05	157.22	156.64	151.63	151.27	146.82	145.03	140.03	138.03	140.21	33.1%
Public Works	115.61	119.79	124.09	122.24	119.24	117.53	126.98	118.79	109.06	110.32	26.1%
Community development	35.01	33.98	35.18	25.57	26.07	26.39	22.30	22.30	20.05	24.00	5.7%
Community services	195.28	183.83	201.74	193.55	165.62	149.79	113.56	102.58	117.01	103.16	24.4%
Total	<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>	<u>432.94</u>	<u>427.96</u>	<u>423.21</u>	<u>-1.11%</u>

Source: City of Davis

City of Davis
Operating Indicators by Function/Program (Unaudited)
Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety:										
Fire:										
Fire calls for service	216	232	265	229	193	196	255	173	152	250
Medical calls for service	2,036	2,281	2,432	2,416	2,448	2,538	2,845	3,011	3,041	3,973
Other calls for service	1,402	1,490	1,573	1,524	1,432	1,547	1,210	1,628	1,572	1,658
Primary fire inspections conducted	1,590	1,195	1,563	1,799	1,806	1,503	1,806	1,198	1,115	1,768
Fire loss	\$905,185	2,569,901	1,980,190	597,732	591,107	576,395	822,500	1,384,310	623,821	
Police:										
Communication/Center calls answered (911)	21,602	8,920	9,095	11,203	12,083	12,008	12,538	12,959	13,690	13,164
Police calls for Service	61,646	57,326	61,328	56,315	57,540	60,830	53,630	49,442	51,358	48,961
Law violations:										
Part I and Part II crimes	2,368	2,543	2,464	1,792	1,823	1,603	1,573	1,802	1,703	1,881
Warrants processed (adult and juvenile)	1,083	1,047	917	727	666	845	742	756	756	689
Driving under influence arrests (DUI)	305	173	245	166	164	265	253	156	185	162
Property loss	\$2,815,926	\$2,555,708	\$3,316,075	\$2,213,102	\$2,235,868	\$1,196,213	\$1,196,512	\$2,215,301	\$2,261,182	\$2,253,215
Property recovered	\$691,422	\$605,887	\$763,045	\$778,997	\$574,448	\$510,747	\$511,747	\$490,507	\$533,942	\$905,034
Cases written	7,430	6,968	6,815	5,929	5,407	4,730	4,760	4,667	4,830	5,681
Animal related calls	217	588	283	276	353	327	386	402	430	451
Citizen complaints	34	33	20	32	12	15	15	11	12	8
Noise complaints	3,288	2,708	601	2,751	2,919	2,230	2,073	1,792	1,449	1,553
Moving violations	6,698	6,059	5,651	4,116	2,554	4,963	5,019	5,082	3,706	4,738
Parking violations	26,445	18,483	17,116	17,993	18,020	16,570	15,470	15,253	14,082	11,228
Public works										
Annual vandalism expenses	\$17,444	37,553	11,415	51,916	84,886	69,367	100,964	65,868	14,247	47,009
Tons of material used for the pothole repairs	18	16	9	7	11	9	10	10.5	7	25
Parks and Community Services										
Community Services:										
Recreation Program Participants	24,152	24,407	24,720	20,327	19,316	19,746	18,297	15,747	16,583	15,858
Athletic Field Rentals										5,023
Park & Picnic Rentals										1,130
Performing Arts Center Rentals										207
Pool Rentals										65
Public Facility Rentals										3,327
Water										
Water service connections	16,229	16,292	16,292	16,325	16,430	16,430	16,572	16,139	16,756	16,794
Average daily consumption (thousands of gallons)	11,972	11,551	10,286	10,286	10,699	10,478	10,340	10,306	7,723	N/A
Wastewater										
Sewer service connections										
Average daily treatment (millions of gallons/day) *	6.75	5.68	5.54	4.90	4.84	5.07	4.60	4.60	4.22	3.70
Solid Waste										
Tons of solid waste generated *	92,358	91,363	89,124	84,931	89,854	88,519	31,867	50,407	54,773	N/A
Tons of solid waste diverted from landfill *	49,874	52,077	53,474	47,561	58,405	56,652	21,032	17,642	19,718	N/A

* corrected basis of measurement

Source: City of Davis

Notes:

(1.) "N/A" denotes information not available.

City of Davis

Capital Asset Statistics by Function/Program (Unaudited) Last Ten Fiscal Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety:										
Fire stations	3	3	3	3	6	3	3	3	3	3
Police stations	1	1	1	1	1	1	1	1	1	1
Number of sworn personnel	60	61	61	61	61	61	63	63	61	61
Police patrol units	52	38	44	43	34	37	37	37	34	34
Public works										
Miles of streets	157	162	165	165	166	166	165	165	179	179
Street lights	5,494	5,403	5,426	5,676	5,699	5,699	5,710	5,710	6,100	6,100
Traffic Signals	54	60	60	60	61	61	59	58	60	60
Culture and recreation:										
Community services:										
City parks	31	31	31	31	36	36	36	36	34	37
City trees *	30,000	30,000	26,000	26,000	26,000	26,000	21,500	20,616	20,616	19,556
Playgrounds	69	69	69	69	69	69	69	69	65	67
Miles of on-street bike lanes	51	54	54	55	55	55	55	55	55.8	55.8
Miles of off-street bike paths	51	55	55	56	56	56	53	53	53.3	58.8
Community gardens	1	1	1	1	1	1	1	1	1	2
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	9	9
Tennis courts	33	33	33	33	33	33	33	33	32	30
Pickleball courts										8
Bocce Ball courts										3
Outdoor Amphitheater										1
City buildings maintained	87	87	87	87	87	91	92	91	91	92
Square footage of City Buildings	296,694	301,853	305,093	305,093	305,093	305,093	305,093	305,093	305,093	307,973
Library:										
City Libraries										
Water										
Miles of water mains	180	178	179	180	180	183	198	188	187.8	188
Number of wells	23	21	20	20	20	20	20	20	20	20
Fire hydrants	1,942	1,699	1,703	1,703	1,703	1,706	1,708	1,078	1,708	1,750
Wastewater										
Miles of sewer mains	162	156	157	164	164	164	164	164	164	160
Miles of storm sewers	95	126	127	127	127	127	127	127	127	80
Number of treatment plants							1	1	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

* corrected basis of measurement

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