

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.

The concept of major funds established by GASB Statement 34 extends to Proprietary Funds. The City has identified the funds below as major proprietary funds in fiscal 2004.

GASB 34 does not provide for the disclosure of budget vs. actual comparisons regarding proprietary funds that are major funds.

WATER FUND

To account 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

To account for the activities associated with the various agreements entered into by the City relating to sanitation operations.

SEWER FUND

To account 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

To account 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

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

CITY OF DAVIS
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 JUNE 30, 2004

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds	
	Water	Sanitation	Sewer	Storm Sewer	Public Transit		Totals
ASSETS							
Current Assets							
Cash and investments (Note 2)	\$6,023,180	\$1,383,487	\$8,191,332	\$3,098,415	\$612,324	\$19,308,738	\$3,312,594
Cash with fiscal agent (Note 2)	365,069					365,069	
Accrued interest	39,412	7,475	44,834	21,260	8,533	121,514	30,223
Receivables:							
General accounts	1,400,377	2,345	74,597	21,739	447	1,499,505	19,650
Grants	225,000				882,979	1,107,979	1,683
Utility accounts	536,283	688,163	627,286	158,543		2,010,275	
State revolving fund loan	500,000					500,000	
Inventory							165,358
Noncurrent Assets							
Advances to other funds (Note 3B)							3,980,222
Capital Assets (Note 5):							
Non-depreciable	8,538,460		5,012,187	2,748,084	85,064	16,383,795	
Depreciable	35,596,591	2,718	44,307,276	13,223,114	4,008,070	97,137,769	11,783,734
Accumulated depreciation	(13,382,286)	(2,433)	(14,808,279)	(4,663,470)	(443,023)	(33,299,491)	(7,633,340)
Total Assets	<u>\$39,842,086</u>	<u>\$2,081,755</u>	<u>\$43,449,233</u>	<u>\$14,607,685</u>	<u>\$5,154,394</u>	<u>\$105,135,153</u>	<u>\$11,660,124</u>
LIABILITIES							
Current Liabilities							
Accounts payable	\$258,079	\$592,407	\$194,462	\$38,406	\$862,609	\$1,945,963	\$471,270
Leave benefits payable (Note 1H)	106,804		124,356		10,999	242,159	138,445
Deposits	44,251		8,600			52,851	32,160
Deferred revenue	184,764	867,631	790,496	153,061		1,995,952	
Due to other funds (Note 3A)							781,423
Noncurrent Liabilities							
Advances from other funds (Note 3B)			1,026,019	1,026,019		2,052,038	
Claims payable							674,476
Long term loans payable (Note 6)	7,075,773		14,294,046			21,369,819	
Total Liabilities	<u>7,669,671</u>	<u>1,460,038</u>	<u>16,437,979</u>	<u>1,217,486</u>	<u>873,608</u>	<u>27,658,782</u>	<u>2,097,774</u>
NET ASSETS							
Invested in capital assets, net of related debt	23,676,992		35,025,417			58,702,409	
Restricted for:							
Self-insurance programs							153,000
South Area drainage				106,216		106,216	
Unrestricted	8,495,423	621,717	(8,014,163)	13,283,983	4,280,786	18,667,746	9,409,350
Total Net Assets	<u>\$32,172,415</u>	<u>\$621,717</u>	<u>\$27,011,254</u>	<u>\$13,390,199</u>	<u>\$4,280,786</u>	<u>\$77,476,371</u>	<u>\$9,562,350</u>

See accompanying notes to financial statements

CITY OF DAVIS
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2004

	Business-type Activities-Enterprise Funds					Totals	Governmental Activities- Internal Service Funds
	Water	Sanitation	Sewer	Storm Sewer	Public Transit		
OPERATING REVENUES							
Charges for current services	\$6,308,856	\$7,544,575	\$7,048,496	\$1,234,991	\$16,090	\$22,153,008	\$10,896,562
Total Operating Revenues	<u>6,308,856</u>	<u>7,544,575</u>	<u>7,048,496</u>	<u>1,234,991</u>	<u>16,090</u>	<u>22,153,008</u>	<u>10,896,562</u>
OPERATING EXPENSES							
Administrative and billing	267,461	107,388	154,520	58,995		588,364	
Payments to general government	329,447	99,023	389,027	109,338		926,835	
Water production	2,265,247					2,265,247	
Water distribution	918,523					918,523	
Water system maintenance	1,155,082					1,155,082	
Street sweeping		589,870				589,870	
Waste removal / solid waste management		6,707,625				6,707,625	
Sewage collection			729,271			729,271	
Sewage treatment			2,245,341			2,245,341	
Storm drainage system maintenance				836,009		836,009	
Public transportation service					6,204,955	6,204,955	
Special transportation service					301,347	301,347	
Central stores							261,639
Central equipment							2,059,738
Duplication - postal							283,071
City administrative facility maintenance							1,092,889
City electrical maintenance							151,106
Insurance administration							145,966
Insurance premiums							5,198,607
Litigation							191,492
MIS services							1,270,865
Depreciation	862,205	111	1,159,423	401,890	102,821	2,526,450	709,483
Other	474,449	61,762	74,794			611,005	
Total Operating Expenses	<u>6,272,414</u>	<u>7,565,779</u>	<u>4,752,376</u>	<u>1,406,232</u>	<u>6,609,123</u>	<u>26,605,924</u>	<u>11,364,856</u>
Operating Income (Loss)	<u>36,442</u>	<u>(21,204)</u>	<u>2,296,120</u>	<u>(171,241)</u>	<u>(6,593,033)</u>	<u>(4,452,916)</u>	<u>(468,294)</u>
NONOPERATING REVENUES (EXPENSES)							
Interest income	40,076	6,960	41,743	19,794	7,945	116,518	125,468
Interest (expense)			(383,429)	(48,664)		(432,093)	
Operating grants and subventions	652,844	17,852			6,605,383	7,276,079	
Gain (loss) on disposal of capital assets							(39,430)
Litigation settlement and other	38,925	48	13,891	19,117		71,981	53,423
Total Nonoperating Revenues (Expenses)	<u>731,845</u>	<u>24,860</u>	<u>(327,795)</u>	<u>(9,753)</u>	<u>6,613,328</u>	<u>7,032,485</u>	<u>139,461</u>
Income (Loss) Before Transfers and Contributions	<u>768,287</u>	<u>3,656</u>	<u>1,968,325</u>	<u>(180,994)</u>	<u>20,295</u>	<u>2,579,569</u>	<u>(328,833)</u>
Contributions							
Transfers in (Note 3C)							50,924
Transfers (out) (Note 3C)					(37,680)	(37,680)	
Net transfers and contributions					<u>(37,680)</u>	<u>(37,680)</u>	<u>50,924</u>
Change in net assets	<u>768,287</u>	<u>3,656</u>	<u>1,968,325</u>	<u>(180,994)</u>	<u>(17,385)</u>	<u>2,541,889</u>	<u>(277,909)</u>
BEGINNING NET ASSETS	<u>31,404,128</u>	<u>618,061</u>	<u>25,042,929</u>	<u>13,571,193</u>	<u>4,298,171</u>	<u>74,934,482</u>	<u>9,840,259</u>
ENDING NET ASSETS	<u>\$32,172,415</u>	<u>\$621,717</u>	<u>\$27,011,254</u>	<u>\$13,390,199</u>	<u>\$4,280,786</u>	<u>\$77,476,371</u>	<u>\$9,562,350</u>

See accompanying notes to financial statements

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CITY OF DAVIS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2004

	Business-type Activities-Enterprise Funds						Governmental Activities- Internal Service Funds
	Water	Sanitation	Sewer	Storm Sewer	Public Transit	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from customers	\$5,852,559	\$7,452,799	\$7,029,510	\$1,205,202	\$15,663	\$21,555,733	\$10,913,992
Payments to suppliers	(4,331,499)	(7,293,610)	(2,869,641)	(819,407)	(6,357,872)	(21,672,029)	(10,465,922)
Payments to employees	(598,122)	(206,411)	(529,578)	(168,333)	4,667	(1,497,777)	22,677
Claims paid							(59,580)
Litigation settlement and other	38,925	48	13,891	19,117		71,981	53,423
Other expenses	(474,449)	(61,762)	(74,794)			(611,005)	
Cash Flows from Operating Activities	487,414	(108,936)	3,569,388	236,579	(6,337,542)	(2,153,097)	464,590
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Operating grants and contributions	652,844	17,851			6,605,382	7,276,077	6,317
Operating grants and contributions receivable	(121,830)				1,415,848	1,294,018	
Interfund advance			(43,472)	(43,473)		(86,945)	86,944
Interfund payments					(1,220,438)	(1,220,438)	
Interfund receipts							411,369
Transfers in							50,924
Transfers (out)					(37,680)	(37,680)	
Cash Flows from Noncapital Financing Activities	531,014	17,851	(43,472)	(43,473)	6,763,112	7,225,032	555,554
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Cash transfer to fiscal agent	(3,381)					(3,381)	
State revolving fund loan	876,658					876,658	
Acquisition of capital assets	(880,380)		(1,191,312)	(294,653)	74,684	(2,291,661)	(732,406)
Proceeds from long term debt							(39,430)
Principal payments on capital debt	(322,625)		(762,262)			(1,084,887)	
Interest paid			(383,429)	(48,664)		(432,093)	
Cash Flows from Capital and Related Financing Activities	(329,728)		(2,337,003)	(343,317)	74,684	(2,935,364)	(771,836)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest	21,086	3,299	15,931	8,116	3,379	51,811	128,694
Cash Flows from Investing Activities	21,086	3,299	15,931	8,116	3,379	51,811	128,694
Net Cash Flows	709,786	(87,786)	1,204,844	(142,095)	503,633	2,188,382	377,002
Cash and investments at beginning of period	5,313,394	1,471,273	6,986,488	3,240,510	193,755	17,205,420	2,935,592
Cash and investments at end of period	<u>\$6,023,180</u>	<u>\$1,383,487</u>	<u>\$8,191,332</u>	<u>\$3,098,415</u>	<u>Cash < Flow by - 85064</u>	<u>\$85064</u>	<u>\$3,312,594</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:							
Operating income (loss)	\$36,442	(\$21,204)	\$2,296,120	(\$171,241)	(\$6,593,033)	(\$4,452,916)	(\$468,294)
Litigation settlement and other	38,925	48	13,891	19,117		71,981	
Adjustments to reconcile operating income to cash flows from operating activities:							
Depreciation	862,205	111	1,159,423	401,890	102,821	2,526,450	709,483
Other revenues							53,423
Change in assets and liabilities:							
Receivables:							9,430
General accounts	(1,400,377)	2,209	(12,641)	(6,063)	(427)	(1,417,299)	
Utility accounts	918,468	(54,807)	(247,325)	(23,122)		593,214	
Inventory							(6,303)
Accounts payable	7,353	3,885	104,971	16,602	148,430	281,241	195,754
Leave benefits payable	(1,214)		13,969		4,667	17,422	22,677
Refundable deposits	626					626	8,000
Claims payable							(59,580)
Deferred revenue	24,986	(39,178)	240,980	(604)		226,184	
Cash Flows from Operating Activities	\$487,414	(\$108,936)	\$3,569,388	\$236,579	(\$6,337,542)	(\$2,153,097)	\$464,590

See accompanying notes to financial statements

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