

City of Davis California

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2019



CITY OF DAVIS, CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

PREPARED BY THE
FINANCE DEPARTMENT

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CITY OF DAVIS, CALIFORNIA

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For the Year Ended June 30, 2019

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**Administrative Services Department
Finance Division**

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City Hall FAX: 530/758-0204



March 13, 2020

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Davis, California, for the fiscal year ended June 30, 2019. The City of Davis is required to annually publish a complete set of financial statements presented in conformance with generally accepted accounting principles (GAAP) and audited by an independent, certified public accounting firm. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report of the City of Davis, for fiscal year ended June 30, 2019.

Responsibility for the accuracy of the information, and the completeness and fairness of the presentation, including all disclosures, rests with City management. To the best of our knowledge, the enclosed information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and the results of operations of the City. The format and content of this CAFR complies with the principles and standards of account and financial reporting adopted by the Governmental Accounting Standards Board (GASB), and contains all information needed for readers to gain a reasonable understanding of the City of Davis' financial position and operations.

FORMAL TRANSMITTAL OF THE CAFR

State statutes require an annual audit by independent certified public accountants. Maze & Associates has audited the City of Davis' financial statements. The goal of the audit is to obtain reasonable assurance that the financial statements are free of material misstatements and are fairly presented in conformity with GAAP. Maze & Associates issued an unmodified opinion for the fiscal year ended June 30, 2019. The auditor's report on the financial statement is presented as the first component of the financial section of the CAFR.

In conjunction with the annual CAFR, the City is also required to undergo an annual Single Audit in conformity with the provisions of the Federal Single Audit Act Amendments of 1996 and 2CFR part 200. The auditor's report related specifically to the Single Audit will be presented as a separate document.

GAAP requires 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 immediately follows the Independent Auditor's Report.

INTERNAL CONTROLS

Management 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 GAAP. 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. Management is committed to maintaining the City's internal controls to adequately safeguard assets and to provide reasonable assurances of proper recording of financial transactions.

As a recipient of federal, state and local financial assistance, the City is also responsible for ensuring that adequate internal controls are in place to ensure document compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluation by City management and staff.

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. 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.

PROFILE OF THE GOVERNMENT

The City of Davis is a general law city, operates under the Council-Manager form of government and provides municipal services that include public safety; community development, planning and sustainability; recreation, park maintenance, and social programs; transportation and infrastructure support; water, waste water and sanitation utilities; and general government activities. The enclosed report includes information for all funds of the City of Davis.

GOVERNMENT STRUCTURE, LOCAL ECONOMIC CONDITIONS AND OUTLOOK

The City of Davis was founded in 1868 as Davisville, named for Jerome C. Davis, a prominent local farmer. The Davisville post office shortened the town name in 1907 and the change was official when the city incorporated in March 1917. Davis celebrated its Centennial year in 2017.

The Davis City Council is comprised of five council members, previously elected at large by city residents. In the fall of 2019, the City Council approved a district election system for the election of City Council members, to begin with the November 2020 municipal election. One of the Council members serves as the Mayor and another as the Mayor Pro Tem. Council members are elected for overlapping four-year terms. The City Council acts as the legislative and policy-making body, provides policy direction, establishes goals, and sets priorities for City government. The Council appoints the City Manager and awards the contract for City Attorney services. The City Manager serves as the administrative head of city government overseeing the departments of Administrative Services, City Manager's Office, Community Development & Sustainability, Parks and Community Services, Fire, Police and Public Works.

The City of Davis is a university-oriented city with an estimated population in 2019 of 69,761. It is internationally known for its commitment to environmental awareness and implementing progressive and socially innovative programs. The city's quality of life and vigorous progressive community are reflected in its small-town style and many well-known symbols: energy conservation, environmental programs, greenbelts, parks, preservation of trees, British red double-decker buses, bicycle paths, record number of bicycles per capita, and the quality of its educational institutions

COMPONENT UNITS

The City Council of the City of Davis also has financial responsibility and accountability for the following legally separate entities: City of Davis Redevelopment Successor Agency, City of Davis Public Facilities Financing Authority, and Community Facilities District 1991-2 (Mace Ranch), 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 provide a sustainable, high-quality water supply. The JPA is responsible for its own financial statements.

BUDGET POLICIES/PROCESS

The annual budget serves as the foundation for the City's financial planning and control. As such, the City maintains extensive budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the appropriated budget approved by the City Council. Budgetary control is established at the fund level. Budgets are prepared and expenditures recorded at the object of expenditure level. Accounting records are maintained using either the accrual basis of accounting or modified accrual basis, as appropriate. The City also maintains an encumbrance accounting system as one technique for accomplishing budgetary control.

The budget process begins with the Finance Division initializing the baseline budget for the coming year for departmental review. Funding requests and changes are submitted to the City Manager and the Finance Division who balance and prioritize requests to fit with current financial obligations and to ensure they are within the constraints of projected revenue projections and fund balances. The City Manager presents the Proposed Budget to the City Council in May.

Following the presentation of the Proposed Budget, public hearings and discussions are scheduled to highlight and discuss discreet elements of the Proposed Budget. After the Council reviews the proposed budget and receives public comment, the City Council votes to adopt the budget, including any amendments to the proposed budget that may occur, by an affirmative vote of the majority of the five-member City Council. The budget is legally adopted through the passage of a Council resolution no later than June 30.

In fiscal year 2019/20 the City transitioned to a biennial budget, and will implement Year 2 of a rolling biennial budget beginning with fiscal year 2020/21. A rolling biennial budget is a single two-year spending document with an annual adoption of appropriations and a budget adjustment process between years one and two. There are many advantages to utilizing a biennial budget. Staff believes that it will improve long-range and strategic planning, assist in integrating Council goal setting with the budgetary process and reinforce the commitment to long-term fiscal health by looking beyond a one-year time horizon.

Davis residents are encouraged to participate in the budget planning process through a variety of avenues, such as participating in Council-appointed boards and commissions or by attending budget sessions or public hearings at City Council meetings. Transparency in the budget process and the outcome is a central tenet to the City, as evidenced through a variety of resources the City employees. These include utilization of OpenGov’s budget transparency portal on the City’s website to make real-time budget numbers easy for the public to access and understand, the use of infographics to explain City expenditures, the ability for the public to view and comment on the budget document and the option to sign up to receive e-notifications about city issues through the City’s web page at www.cityofdavis.org.

RISK MANAGEMENT

The Yolo County Public Agency Risk Management Insurance Authority 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.

ECONOMIC CONDITION – LOCAL/REGIONAL 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 agricultural land as well as an increasing dominance in the fields of agricultural research & development, agricultural technology, 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. The City’s adjacency 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.

Monthly Labor Force Data for Cities and Census Designated Places (CDP)

October 2019 - Preliminary

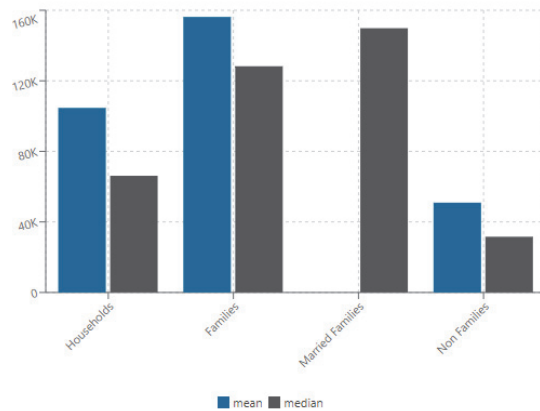
Data Not Seasonally Adjusted

Area Name	Labor Force	Employment	Unemployment Number	Unemployment Rate	Census Ratios Emp	Census Ratios Unemp
Yolo County	108,800	104,100	3,500	3.2%	1.000000	1.000000
Davis city	36,000	34,900	800	2.3%	N/A	N/A
Esparto CDP	1,800	1,700	100	5.0%	0.015968	0.024836
West Sacramento city	25,800	24,800	800	3.2%	N/A	N/A
Winters city	3,900	3,600	200	4.0%	0.035646	0.044332
Woodland city	30,400	28,900	1,100	3.7%	N/A	N/A

Source: <http://www.labormarketinfo.edd.ca.gov>

The total unemployment rate for the City of Davis is 2.3%, which is the lowest in the region when compared with the 3.0% in El Dorado County, 2.8% in Placer County, 3.2% in Sacramento County, and 3.2% in Yolo County. The area’s unemployment rate is expected to continue to decrease, from 2.5% in October 2018 to 2.3% in October 2019 and remain below 3% through 2022. The economic forecast for Yolo County has predicted that job growth over the next five years will average 1.1%, with the highest potential growth in healthcare, construction, professional business services and government. The median household income was \$66,162 while the median family income was \$128,265. The income per capita in Davis was \$38,961, which is 10.04% higher than the California average of \$35,046.

Name	Median	Mean
Households	\$66,162	\$104,633
Families	\$128,265	\$156,220
Married Families	\$149,834	-
Non Families	\$31,605	\$50,928



CA per capita income average us \$35,046.

Stability in the Davis housing market has been an important contributor to the strength of the local economy. The median single-family home price in Davis fell from \$663,000 in 2018 to \$650,000 in 2019, giving an outlook that the housing market is transitioning from a seller’s to a more balanced market.

	2018	2019	Increase/ Decrease
Number of Sales	481	495	2.91%
Median Price	\$ 663,000	\$ 650,000	-1.96%
Median Price per Sq.Ft.	\$ 384	\$ 375	-2.34%
Average Price	\$ 695,056	\$ 690,040	-0.72%
Average Price per Sq.Ft.	390	384	-1.54%
Days on the Market	27	40	48.15%

Home sales showed a 2.9% increase from 481 in 2018 to 495 in 2019, indicating a positive economic expansion. The increase in the average number of days on the market (40 days) is causing inventory of existing homes for sale in Davis to creep up. The result is home sellers are not receiving as many multiple offers and the average sale-price to list-price ratio is dropping slightly.

Davis is addressing its lack of affordable housing as several residential rental projects have been, or are in the process, of being approved. In addition to formal, income-restricted affordable units, rental projects are generally more affordable for households than ownership opportunities. Construction is underway for the Lincoln 40 project, with over 700 beds and 71 of those at income-restricted, affordable rates; Davis Live, with 66 affordable beds and a total of 440 beds; and Creekside, with 89 affordable units. The Sterling project on 5th Street has dedicated land to Mutual Housing of California for a 38-unit all-affordable rental project that is in the planning stage. The Nishi project, with up to 2200 affordable, student-oriented beds, including 330 affordable beds, has received entitlement but is not yet under construction.

As the City looks forward, there are many exciting projects on the horizon. Nugget Markets corporate headquarters is currently under construction on Mace Blvd. The additions of the Marriott Residence Inn and Hyatt House hotels within the next year will provide the extended stay opportunities to help promote businesses that have both short and long-term stay needs, and will increase transient occupancy tax and sales tax revenues collected by the City. Other projects are in the review process and may provide additional opportunities for housing, office and commercial space, and light industrial space.

LONG-RANGE FINANCIAL POLICIES AND PLANNING

The City of Davis establishes its General Fund Reserve Policy as additional insurance against disasters, emergencies and unforeseen expenditures. The City Council establishes the following minimum General Fund reserve targets: a) The City shall strive to maintain a General Fund reserve equal to 15% of General Fund expenditures, with up to 5% allocated to special capital projects for roads/paths, facilities and parks; b) The appropriate level of General Fund reserves shall be reviewed annually. The unallocated reserve funds are set-aside to address potential needs in the following areas: a) A Reserve for Economic Uncertainty – funds designated to mitigate periodic revenue shortfalls due to downturn in economic cycles, thereby avoiding the need for service level reductions within the fiscal year; b) An Emergency Reserve – funds designated to mitigate costs of unforeseeable emergencies and natural disasters.

The City has developed a 20-year budget model and financial forecast model that serves as an important fiscal strategic planning tool. It provides a macro level view of General Fund revenues and expenditures to assist in evaluating the impact of policy choices made today on the long-term fiscal health of the City. By identifying developing trends and potential issues that may arise in the future, it will help ensure long-term stability for the City by giving City Council improved information with which to craft prudent and timely budget solutions. The forecast model has been integrated into the budget process to aid in informing fiscal decisions to address unfunded liabilities.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended June 30, 2018. 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 GAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

ACKNOWLEDGEMENTS

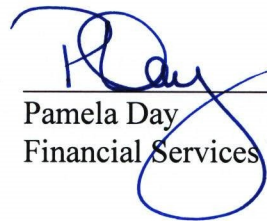
The City Council should be acknowledged and thanked for its leadership and commitment to ensuring the long-term fiscal health of the City.

Appreciation for the entire Finance Department is also acknowledged for their effort in maintaining accurate and timely accounting records from which this report is prepared. The dedicated City staff who strive throughout the year to improve the quality of service, and financial information provided to the citizens of Davis, is also recognized. Finally, the City wishes to acknowledge the professional manner in which Maze and Associates conducted the audit, and to express appreciation for their assistance.

Respectfully submitted,



Michael Webb
City Manager



Pamela Day
Financial Services Manager



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, 2018

Christopher P. Morrell

Executive Director/CEO

PRINCIPAL OFFICIALS CITY OF DAVIS

JUNE 30, 2019

CITY COUNCIL

Mayor	Brett Lee
Mayor Pro-Tem	Gloria Partida
Councilmember	Lucas Frerichs
Councilmember	Daniel Carson
Councilmember	Will Arnold

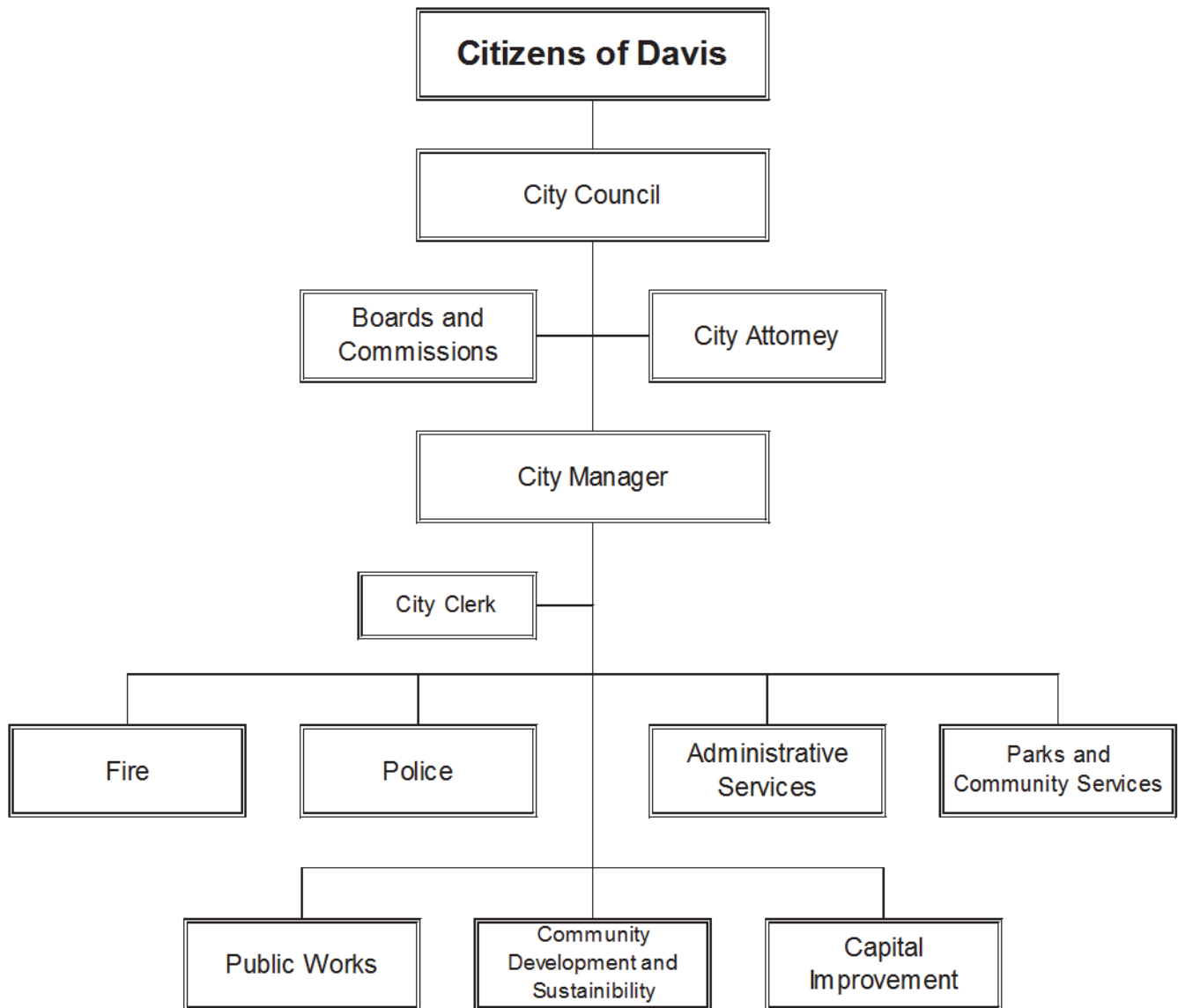
ADMINISTRATIVE STAFF

City Manager	Michael Webb
City Attorney	Harriet Steiner
Assistant City Manager	Kelly Stachowicz
Assistant City Manager	Ashley Feeney
Parks & Community Services Director	Dale Summersille
Fire Chief	Joseph Tenney
Police Chief	Darren Pytel
Public Works Director	Robert Clarke
Finance Director	Nitish Sharma

FINANCE STAFF

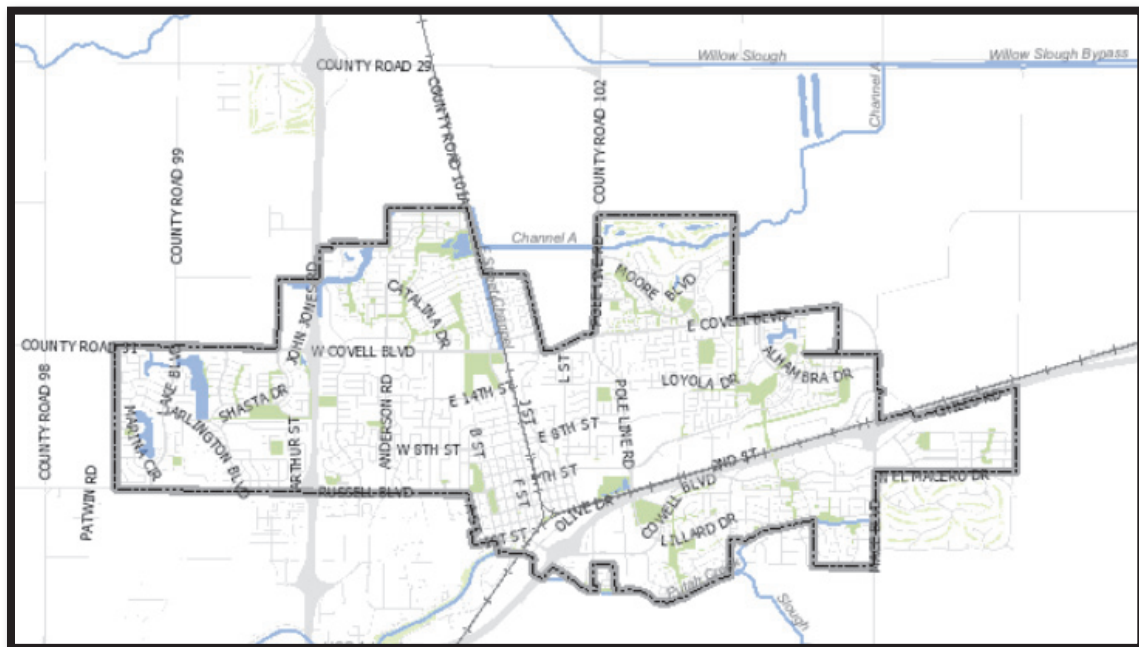
Financial Services Manager	Pamela Day
Accountant	Nou Vang

City of Davis Organizational Chart





City of Davis



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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 (City), California, as of and for the year ended June 30, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2019.

Governmental Accounting Standards Board Statement 88 – *Certain Disclosures related to Debt including Direct Borrowings and Direct Placements*. See notes 9, 16, and 19 to the financial statements for relevant disclosures.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. 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 March 13, 2020, 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
March 13, 2020

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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, 2019. 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 starting on page v of this report.

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. They provide a broad overview of the City's activities as a whole and consist of the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each of the City's programs. The Statement of Activities explains in detail the change in net position for the year.

All of the City's activities are grouped into government activities and business-type activities, as explained below. They are separated into these activities in order to provide a summary of these two activities of the City as a whole.

Government activities. All of the City's basic services are considered to be governmental activities, including general government, community development, economic development, public safety, engineering, community events, public improvements, planning and zoning, and building inspections. These services are supported by general City revenues such as taxes, and by specific program revenues such as developer fees.

The City's governmental activities include the activities of a separate legal entity, the Successor Agency to the City of Davis Redevelopment Agency (Agency), because the City is financially accountable for the Agency. As of February 1, 2012, the State of California eliminated Redevelopment Agencies Statewide. The former redevelopment fund of the City is now reported as a trust and agency fund. The component unit financial statements of the Agency are available from the Administrative Services Department, Finance Division of the City.

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.

Business-type activities. All the City's enterprise activities are reported here, including sewer, water, storm sewer, sanitation, and public transit activity. Unlike governmental services, these services are supported by charges paid by users based on the amount of service they use.

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 27 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, all of which are considered to be major funds. Data from the other 23 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, found on pages 106-109 and 128-137, 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 Enterprise 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 services 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 45-95 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 99-110 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 116-145 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.

The largest portion of the City's net position is net investment in capital with a balance of \$491.7 million, which increased by \$9.5 million over the prior year. The balance reflects 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, 2019 and June 30, 2018.

**Table 1: Statement of Net Position
For the Years Ended June 30, 2019 and 2018
(in Millions)**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Cash and investments	\$ 90.319	\$ 87.638	\$ 67.216	\$ 68.651	\$ 157.535	\$ 156.289
Other assets	46.530	47.856	7.753	7.994	54.283	55.850
Capital assets	256.188	245.050	359.683	367.641	615.871	612.691
Total Assets	<u>393.037</u>	<u>380.544</u>	<u>434.652</u>	<u>444.286</u>	<u>827.689</u>	<u>824.830</u>
Deferred outflows of resources	22.275	28.474	7.100	7.297	29.375	35.771
Other liabilities	15.529	15.194	9.762	8.826	25.291	24.020
Long-term debt outstanding	154.168	151.772	154.296	162.366	308.464	314.138
Total Liabilities	<u>169.697</u>	<u>166.966</u>	<u>164.058</u>	<u>171.192</u>	<u>333.755</u>	<u>338.158</u>
Deferred inflows of resources	3.042	2.443		1.650	3.042	4.093
Net position:						
Net investment in capital assets	253.773	242.447	237.928	239.731	491.701	482.178
Restricted	69.075	68.793			69.075	68.793
Unrestricted	(80.275)	(71.631)	38.033	39.010	(42.242)	(32.621)
Total Net Position	<u>\$ 242.573</u>	<u>\$ 239.609</u>	<u>\$ 275.961</u>	<u>\$ 278.741</u>	<u>\$ 518.534</u>	<u>\$ 518.350</u>

**Table 2: Statement of Changes in Net Position
For the Years Ended June 30, 2019 and 2018
(in Millions)**

	Governmental Activities		Business-Type		Total	
	2019	2018	2019	2018	2019	2018
Expenses						
General government:						
City Council	\$ 0.227	\$ 0.181		\$ -	\$ 0.227	\$ 0.181
City Attorney	0.165	0.589		-	0.165	0.589
City Manager	3.816	3.588		-	3.816	3.588
Administrative Services	4.150	4.137		-	4.150	4.137
Community Development	7.088	6.579		-	7.088	6.579
Public Works	14.640	12.900		-	14.640	12.900
Special Projects	1.244	2.288		-	1.244	2.288
Parks and community services:						
Parks and Community Services	16.115	14.776		-	16.115	14.776
Public safety:						
Fire	14.763	15.279		-	14.763	15.279
Police	24.117	21.449		-	24.117	21.449
Interest on Long-Term Debt	0.025	0.042		-	0.025	0.042
Water			21.782	20.436	21.782	20.436
Sanitation			13.080	12.611	13.080	12.611
Sewer			20.774	10.599	20.774	10.599
Storm Sewer			3.978	3.697	3.978	3.697
Public transit			5.117	5.755	5.117	5.755
Total Expenses	86.350	81.808	64.731	53.098	151.081	134.906
Revenues						
Program Revenues:						
Charges for Services	17.939	16.462	54.211	46.497	72.150	62.959
Operating Contributions and Grants	7.630	7.487	5.049	5.096	12.679	12.583
Capital Grants and Contributions	7.657	2.520		-	7.657	2.520
General Revenues:						
Taxes	46.279	43.950		-	46.279	43.950
Motor vehicle in-lieu	6.762	6.415		-	6.762	6.415
Investment income	2.797	0.381	1.796	0.701	4.593	1.082
Miscellaneous	0.250	0.231	0.895	0.950	1.145	1.181
Total Revenues	89.314	77.446	61.951	53.244	151.265	130.690
Changes in Net Position	2.964	(4.362)	(2.780)	0.146	0.184	(4.216)
Net Position - Beginning	239.609	243.971	278.741	278.595	518.350	522.566
Net Position - Ending	\$ 242.573	\$ 239.609	\$ 275.961	\$ 278.741	\$ 518.534	\$ 518.350

Governmental Activities

The City's governmental activities rely on several sources of revenue to finance ongoing operations. Taxes (\$46.3 million), Charges for Services (\$17.9 million), Capital Grants and Contributions (\$7.7 million), and Operating Grants & Contributions (\$7.6 million) comprise the largest sources of revenue. Property tax and sales tax are approximately 60% of tax revenues, with the remainder coming from municipal services, park maintenance, construction, open space, franchise, and transient occupancy. Charges for Services are revenues that arise from charges to customers who purchase, use, or directly benefit from goods or services. Examples of these services 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 and Treasury Services. Capital grants and contributions are spent on major capital projects, and capital improvements. Operating grants & contributions include State Gas Tax, HUD/HOME Federal Grant funding for the housing program, HUD/CDBG Federal Grant funding and other one-time grants.

At the end of fiscal year 2018-19, total revenue for governmental activities was \$89.3 million, an \$11.8 million increase from the prior year.

- Program revenues increased by \$6.8 million, with capital grants and contribution increasing of \$5.1 million, and charges for services, with a total increase of \$1.5 million.
 - The significant increase in Capital Grants and Contribution includes grants totaling \$4.2 million from the State for expenses incurred for the 3rd St Improvements from A to B Street.
 - There are two factors responsible for the \$1.0 million increase in charges for service in Parks and Community Services. Per City policy, fees are adjusted by the San Francisco-Oakland-San Jose CPIU, which was 2.9% for this fiscal year, accounting for approximately a \$0.9 million increase. The additional \$0.5 million increase was due to a change in accounting policy to discontinue deferring recreation fees collected in the spring but not realized until July, 2019.
- General Revenues increased overall by \$5.1 million, with tax revenue and investment earnings increasing by \$2.3 million and \$2.4 million, respectively.
 - Sales Tax revenues increased from \$15.6 million to \$16.5 million over the prior year, due in part to late payments of 2018 sales tax received from the State.
 - Investment earnings increased by \$2.4 million largely due to the overall higher rate of return on investments. Average yield in investments increased to 2.46% on an investment portfolio of approximately \$174.6 million.

Total governmental activities expenditures were \$86.4 million, an increase of \$4.6 million compared to the prior year.

- Police, Public Works, Parks and Community Service, and Special Projects experienced significant changes.
 - Police had the largest increase of \$2.7 million. This is primarily due to the department's share of increased net pension liability. The department's total pension expense for 2019-20 was \$3.8 million.
 - Public Works expenditures were \$14.6 million, a \$1.7 million increase over the prior year's total of \$12.9 million. This is primarily due to 3rd Street Improvements - A to B Street, L Street Improvements, and Mace Blvd Improvements were three of the larger capital projects.
 - Expenditures for Parks and Community Service totaled \$16.1 million, an increase of 8.3%. The cost of landscaping contracts increased \$0.8 million due to a City policy change eliminating the use of certain herbicides. In addition, expenditures increased \$0.2 million for the department's share of the post-employment liability increase.
 - Special Projects experienced a decline in expenditures of \$1.0 million, which is primarily due to the City funding of Bartlett Commons affordable housing in the Cannery subdivision the prior year.

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 showed an overall decrease in 2018-19. Water had an increase in net position of \$5.0 million. The Sanitation, Sewer, Storm Sewer, and Public Transit funds each experienced a deficit change of net position. The Sanitation Fund continues to operate at a loss at an ending net position of \$3.5 million. The Sewer Fund and Storm Sewer Fund also experienced a decrease in the net position of \$112.5 and \$58.8 million, respectively. The Public Transportation Fund had a minimal net income loss of \$0.1 million, decreasing total net income to \$1.2 million.

Operating revenues and non-operating revenues all business-type funds totaled \$59.3 million and \$2.7 million, respectively. The operating revenue consists of Charges for Current Services, which increased \$7.7 million. The increases are mainly in the Water and the Sewer fund. There are several reasons for the \$5.5 million increase in water operating revenues. First, water rates increased by 7.1% in January 2019. In addition, the City completed the retro fit of radio read meters. The City was able to replace meters that no longer worked and the new meters have greater accuracy. The reads are now done electronically, so cycles and revenue reporting are more consistent. In addition, due to the timing of billing cycles, June 2018 water was included in FY2018/19 revenue, understating 2018 revenue and overstating 2019 2019 revenue. Charges for services for the Sewer Fund increased \$1.6 million to \$15.0 million. Sewer charges are based on the average consumption of water for November through February and with the increase in water usage, revenues increased. Revenues collected for service fees totaled to \$13.4 million.

Operating expenses for proprietary funds increased from \$50.8 million to \$60.9 million. The Sewer Fund experienced the largest increase of \$8.8 million. The change was primarily due to an adjustment to work in progress, to expense an early study for the wastewater treatment plant that had been capitalized in a prior year.

The Water Fund expenses increased by \$1.2 million to \$19.4 million. The increase is not attributed to any one item, but is an increase in spending that would be expected with an increase in water usage.

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 27 individual governmental funds, which include four major funds. The major funds include 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 23 governmental funds combined into a single aggregated presentation.

As of June 30, 2019, the City's governmental funds reported combined fund balances of \$95.6 million, a decrease of \$0.4 million compared with last year. The unassigned portion of governmental fund balances was \$23.9 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 decreased \$0.6 million. Overall, taxes increased \$3.0 million, largely due to increases in Sales Tax and Construction Tax of \$0.9 million and \$1.1 million, respectively. Increases in Sales Tax are primarily due to late payments of 2018 sales tax received from the State. The change in Construction Taxes are attributed to revenues collected for the development of multi-family complex on 2100 5th Street, townhomes in the Cannery subdivision, and for the new Residence Inn – Marriott. Charges for services revenue totaled \$10.0 million, an increase of \$1.0 million over last year's total of \$9.0 million. Most of the increase was in the Parks and Community Services department and is attributed to fee increases and a change in accounting policy for recognizing fee revenues

Other Governmental Funds. Total revenues for Other Governmental Funds had a significant increase over the prior year, a change of \$6.8 million, or approximately 50.2%. Most of the additional revenue was intergovernmental, funds received from State and Federal government sources. Increases in Gas Tax funds received was directly related to the passing of the SB1 Road Repair and Accountability Act of 2017. The City received an additional \$0.9 million from the Road Maintenance and Rehabilitation funds. The City received \$5.2 million in Federal, State, and highway grants for the 3rd Street, L Street Improvement and Mace Blvd. Improvement projects.

Table 3 provides a summary of Governmental and General Fund revenues for the year ended June 30, 2019, and compares the revenues to the prior fiscal year.

**Table 3: Revenues in the Governmental Funds
For the Year Ended June 30, 2019 and 2018**

	Governmental Funds			General Fund *		
	2019	2018	\$ Change	2019	2018	\$ Change
Property Tax	\$15,627,636	\$15,546,565	81,071	\$15,025,653	\$15,546,565	(\$520,912)
Sales tax	16,504,386	15,603,649	900,737	16,504,386	15,603,649	900,737
Real Property Transfer	303,135	387,230	(84,095)	303,135	387,230	(84,095)
Municipal Services	3,138,065	3,031,057	107,008	3,138,065	3,031,057	107,008
Business License	2,577,091	2,012,568	564,523	2,577,091	2,012,568	564,523
Construction Tax	2,063,309	952,455	1,110,854	2,063,309	952,455	1,110,854
Franchise	1,818,388	1,708,183	110,205	1,818,388	1,281,105	537,283
Transient Occupancy	2,220,142	2,146,184	73,958	2,220,142	2,146,184	73,958
Motor Vehicle in-lieu	6,762,017	6,414,751	347,266	6,762,017	6,414,751	347,266
Park Maintenance	1,412,582	1,387,984	24,598			
Public Safety Tax	544,084	522,465	21,619			
Open Space Protection	671,714	652,422	19,292			
Fines and forfeitures	331,642	466,574	(134,932)	331,642	466,574	(134,932)
Use of money and property	2,919,644	1,970,695	948,949	1,928,056	1,530,941	397,115
Intergovernmental	10,234,310	5,124,979	5,109,331	573,060	425,263	147,797
Charges for current services	12,932,840	11,855,798	1,077,042	10,070,051	8,967,426	1,102,625
Development fees	3,643,599	3,293,794	349,805		849,743	(849,743)
Administrative fees	2,038,686	1,798,636	240,050	2,038,686	1,798,636	240,050
Other	2,952,002	2,109,611	842,391	2,938,206	1,991,513	946,693
Totals	\$88,695,272	\$76,985,600	\$11,709,672	\$68,291,887	\$63,405,660	\$4,886,227

* The General Fund is a subset of the Governmental funds

Overall expenditures for Governmental Funds increased by 13.4% over the prior year, totaling \$89.1 million. General Fund expenditures increased by \$6.8 million, and Other Governmental Fund expenditures increased by \$3.0 million. Capital outlay accounted for the majority of these increases, totaling \$18.0 million. There were several capital projects in progress, such as the 3rd Street Improvement A - B Street, and the Tim Spencer Reconstruction project. Public Works had an increase of \$2.5 million in expenditures, which included the new web-based Underground Service Alert Ticket Management System, and an upgrade of the department's asset management system to integrate it for GIS mapping purposes. The Fire Department expenses also saw an increase of 7.8%, totaling \$12.4 million in the 2018-19. This increase was primarily due to the addition of a Fire Assistant Chief, and an increase in overtime expenses of \$0.5 million. Development Deferred Improvements increased by \$2.3 million, which was spent entirely on capital improvement projects

Table 4 provides a summary of Governmental and General Fund expenditures for the year ended June 30, 2019 and June 30, 2018.

**Table 4: Expenses in the Governmental Funds
For the Year Ended June 30, 2019 and 2018**

	Governmental Funds			General Fund *		
	2019	2018	Change from Prior Year	2019	2018	Change from Prior Year
City Council	\$186,873	\$188,777	(\$1,904)	\$186,873	\$188,777	(\$1,904)
City Attorney	164,759	589,212	(424,453)	164,759	589,212	(424,453)
City Manager	3,468,342	2,997,221	471,121	3,433,167	2,921,659	511,508
Administrative Services	3,902,696	3,797,877	104,819	3,157,123	3,097,754	59,369
Public Safety	32,912,622	31,831,541	1,081,081	29,575,231	28,574,050	1,001,181
Public Works	8,606,126	6,061,775	2,544,351	6,266,842	4,111,719	2,155,123
Community Development	6,498,516	6,017,911	480,605	6,348,649	5,951,882	396,767
Parks & Community Services	13,264,072	12,846,831	417,241	11,238,989	11,011,385	227,604
Special Projects	1,258,575	2,286,213	(1,027,638)		0	0
Debt Service	443,778	214,021	229,757	443,778	214,021	229,757
Capital Outlay	18,380,242	10,363,048	\$8,017,194	8,120,443	5,456,287	2,664,156
Totals	\$89,086,601	\$77,194,427	\$11,892,174	\$68,935,854	\$62,116,746	\$6,819,108

* The General Fund is a subset of the Governmental funds

In addition to the General Fund, three other funds are classified as major funds. The activities of these are summarized in the following paragraphs.

Development Deferred Improvement Fund. These capital funds account for major project finance fees collected to pay for infrastructure and improvement needs due to the additional burden created by development. This fund experienced minimal changes in revenues. Expenses increased by \$2.3 million as more funds were used in the current year to pay for capital projects, including the L Street Improvement project, and the Covell & L Intersection Improvement project.. With the increased expenditures, fund balance decreased by \$1.1 million to \$22.0 million.

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 \$0.7 million to \$0.4 million over the prior year. Expenditures total \$0.3 million and are classified as special projects. On June 30, 2019, the Low/Mod Housing Fund held \$33.3 million in restricted fund balance.

Open Space Fund. This fund accounts for revenue from the Open Space Preservation Tax and is utilized for open space maintenance and protection. The assessments are placed on the tax roll to be paid by property owners with their property taxes. The assessment for fiscal year 2018-19 was \$0.7 million. Expenditures were for maintenance and totaled \$0.3 million. Both revenues and expenditures had minimal change. On June 30, 2019, the Open Space restricted fund balance was \$5.9 million, an increase in fund balance of \$0.5 million from the prior year.

Enterprise Funds

Water Fund. The operating revenues for this fund, which are charges for water service to the residents of Davis and some residents in Yolo County, totaled \$25.3 million. The revenues increased due to both increases in rates and growth. The base water rates increased 7.1% in January 2019. Metered rate also went up by .40/ccf for single-family residences.

Operating expenses for the Water fund totaled \$19.4 million, an increase of \$1.2 million, which is primarily the result of increased water usage.

Sanitation Fund. This fund had operating revenues of \$12.0 million, an increase of \$0.6 million over the prior year. Primary expenses are for waste removal, solid waste management, and street sweeping remains steady at \$12.1 million. Total operating expenses increased \$0.4 million from the prior year. Overall, the net assets for the Sanitation fund decreased \$0.9 million. In February 2019, City Council approved annual rate increases that went into effect in March 2019, and will continue through 2023.

Sewer Fund. Operating revenues in the Sewer Fund were \$15.0 million for the current fiscal year, an increase of \$1.6 million over the prior year. Sewer charges are based on the average consumption of water for November through February, and with the increase in water usage, the corresponding revenues increased. The primary operating expenses for the Sewer Fund are sewage collection and treatment, totaling \$16.1 million. The increase was due to removing expenditures for a project study from work in progress that had been capitalized in a prior year. The Sewer Fund ended the year with a change in net position of \$4.7 million.

Storm Sewer Fund. The operating revenues totaled \$1.8 million with minimal changes over the prior year. Primary operating expenses are for maintenance of the storm drainage system totaling \$1.6 million. Total operating expenses were \$4.0 million, an increase of \$0.3 million over the prior year. The Storm Sewer Fund ended the year with a net loss of \$2.0 million. The Public Works Department is currently doing a rate study, due to go to council in 2020-21

Public Transit Fund. The revenues in this fund consist primarily of operating grants and contributions from the Federal Transit Administration totaling approximately \$5.0 million. The City has a pass through agreement with the University of California-Davis to provide partial funding for fixed-route public transportation services (Unitrans). The City directly provides the associated paratransit services. Grants and contributions had minimal changes over the prior year. Operating expenses, which include the provision of public and special transportation services, total \$5.1 million. This reflects a decrease in expenses of \$0.6 million from the prior year. The fund net position was \$1.2 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. The Agency Fund reports resources held by the City in a custodial capacity for individuals, private organizations and other governments.

General Fund Budgetary Highlights

This is the City's first foray into a two-year budget process, which when fully implemented, will provide the City Council with additional information on the City's fiscal position to assist in financial and policy decisions. It will streamline the budget preparation process internally, creating time for staff to provide more in-depth analyses of fiscal issues and more significant monitoring of budgetary trends.

General fund revenues were \$4.3 million higher than the final budget amounts. Sales tax came in \$1.0 million higher than expected, due to the State delaying payments of FY 2018 sales tax to FY 2019. Use of Money and Property exceeded the budget by \$0.6 million, as higher interest rates resulted in higher investment income. Intergovernmental revenues exceeded budgeted \$0.6 million primarily due to reimbursement for fire strike team expenditures for the Ferguson fire and Charges for Services were \$0.9 million more than anticipated for Parks and Recreation, primarily due to the City's change in accounting policy to defer fees for summer recreation programs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2019, the City's investment in capital assets totaled \$617.59 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, 2019 and 2018
(in Millions)

	<u>2019</u>	<u>2018</u>	<u>Net Change</u>
Governmental Activities:			
Land	\$ 56.476	\$ 56.476	\$ -
Construction in progress	26.048	11.577	14.471
Buildings and improvements	49.943	49.679	0.264
Equipment	12.544	12.446	0.098
Infrastructure - Streets	273.904	270.239	3.665
Infrastructure - Parks	68.413	68.413	-
Infrastructure - Bike/Ped Paths	15.342	15.342	-
Total Assets	<u>502.670</u>	<u>484.172</u>	<u>18.498</u>
Less accumulated depreciation	<u>(246.517)</u>	<u>(239.122)</u>	<u>(7.395)</u>
Net Governmental Assets	<u>\$ 256.153</u>	<u>\$ 245.050</u>	<u>\$ 11.103</u>
Business-Type Activities:			
Land	\$ 21.783	\$ 21.783	\$ -
Construction in progress	19.359	125.562	(106.203)
Buildings	228.263	150.155	78.108
Pipes and Lines	215.553	198.083	17.470
Equipment	23.488	12.026	11.462
Intangible Assets	23.466	23.466	-
Total Assets	<u>531.912</u>	<u>531.075</u>	<u>0.837</u>
Less accumulated depreciation	<u>(170.474)</u>	<u>(163.434)</u>	<u>(7.040)</u>
Net Business-Type Assets	<u>\$ 361.438</u>	<u>\$ 367.641</u>	<u>\$ (6.203)</u>

Total capital assets, before depreciation, increased by \$19.3 million, with the majority of the change in governmental activities. Governmental assets had \$19.8 million in additions and \$1.0 million in disposals. The additions included large CIP projects, such as L Street rehabilitation and Tim Spencer Alley, but also include smaller expenditures such as vehicles and replacement of old playground equipment.

Debt Administration

The City's debt issues are discussed in detail in Note 9 in Notes to the Financial Statements. On June 30, 2019, the City's debt comprised:

Table 6
Outstanding Debt at June 30, 2019 and 2018
(in Millions)

	<u>2019</u>	<u>2018</u>	<u>Net Change</u>
Governmental activities: *			
Long Term Employee Benefits	\$ 149.235	\$ 146.834	\$ 2.401
Business-type activities:			
Long Term Debt	117.887	126.296	(8.409)
Long Term Employee Benefits	<u>36.409</u>	<u>36.070</u>	<u>0.339</u>
Total	<u>\$ 303.531</u>	<u>\$ 309.200</u>	<u>\$ (5.669)</u>

Long-term debt for both the governmental and business-type activities decreased by \$5.7 million in fiscal year 2018-19. Changes in long-term employee benefits were due to net pension liability and other post-employment benefits increases. Please refer to Note 12 and 13 in the Notes to the Financial Statements for more information. The Business-type activities long-term debt decreased by \$8.4 million. The decrease is reflected in the new SRF loans for Local Water and Sewer Treatment, with the first debt service payment due in FY 2019-20, which decreases long term liability and increases short liability by \$2.3 million. In addition, the Wells Fargo Water Bonds were refinanced, reducing the bond debt by \$6.3 million. 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 \$37.4 million with related unamortized discounts of \$0.5 million, which will be amortized over the life of the bonds.

Special Assessment District Debt

On June 30, 2019, a total of \$28.3 million in special assessment district debt was outstanding, issued by five special assessment districts. This debt is secured only by special assessments on the real property in the district issuing the debt, and is not the City's responsibility, although the City does act as these Districts' agent in the collection and remittance of assessments.

ECONOMIC OUTLOOK

Economic Factors

The City continues to seek new revenue sources by attracting new business and well-planned development, and looking for opportunities to cost share projects with other government partners. Cannabis revenues are stabilizing and the City has a sales tax measure on the March 2020 ballot. The City continues to grapple with maintaining current levels of services as costs continue to rise. The City will be pursuing solutions to increasing liabilities, such as deferred maintenance for infrastructure and post-employment benefits. This City Council and staff are dedicated to prudent fiscal management to ensure the continued financial health of the City.

Fiscal year 2018-19 has been a successful year in preparing and delivering a large number of projects, including the Third Street surface improvements between A and B, L Street between Fifth and Covell, Mace Boulevard from Cowell to Redbud, the Tim Spencer Alley upgrade, the sidewalk improvements on 2nd street near G, the VMC interior modernization, the new bike undercrossing Covell, as well as several other smaller projects.

Next Year's Budget

Total All Funds Revenue for fiscal year 2019-2020 is budgeted at \$195.9 million with General Fund revenues totaling \$61.3 million. Property Tax revenue for fiscal year 2019-20 is budgeted at \$22.2 million and sales taxes are expected to total \$16.2 million.

Total All Funds Expenditures for the City in fiscal year 2018-19 are budgeted at \$238.9 million with General Fund expenditures totaling \$68.2 million. Budgeted expenditures exceed expected revenue due to carryover of encumbrances of capital projects from the previous year. The City will engage in a total of 58 separate capital projects over the course of the 2019-20 budget year, with total capital expenditures accounting for \$66.0 million of the Adopted All Funds budget. Of this amount, 50.0% of the capital budget is committed to Transportation projects (\$33.0 million); Water and Wastewater projects will take 37.1% (\$24.5 million), with the remaining dollars slated for drainage, information systems, facilities, and parks upgrades.

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. If you have any questions about this report, need additional financial information, or would like to obtain component unit financial statements, contact the Director of Finance at the City of Davis, 23 Russell Blvd, Davis, CA 95616, or by email at FinanceWeb@cityofdavis.org. A complete copy of the financial report will be available by visiting the City's web page at www.cityofdavis.org.

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**STATEMENT OF NET POSITION AND
STATEMENT OF ACTIVITIES**

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, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 4)	\$90,319,488	\$67,210,229	\$157,529,717
Cash and investments with fiscal agents (Note 4)		6,599	6,599
Accrued interest	395,421	260,250	655,671
Receivables:			
General accounts	7,978,371	3,045,870	11,024,241
Grants	1,177,485	785,577	1,963,062
Utility accounts	557,413	4,950,251	5,507,664
Loans (Note 6)	33,462,416		33,462,416
Mortgages (Note 6)	322,764		322,764
Inventory (Note 11)	261,222		261,222
Prepays	1,086,378		1,086,378
Internal balances (Note 5C)	1,288,698	(1,288,698)	
Capital assets (Note 7):			
Non-depreciable	82,558,263	39,387,196	121,945,459
Depreciable, net of depreciation	173,629,390	320,295,498	493,924,888
Total Assets	<u>393,037,309</u>	<u>434,652,772</u>	<u>827,690,081</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB (Note 13)	8,207,698	1,882,001	10,089,699
Related to pension (Note 12)	14,066,983	5,217,607	19,284,590
Total Assets and Deferred Outflows of Resources	<u>415,311,990</u>	<u>441,752,380</u>	<u>857,064,370</u>
LIABILITIES			
Payables:			
Accounts and other accrued liabilities	4,922,986	1,983,903	6,906,889
Wages	2,050,230	335,605	2,385,835
Grants	6,137		6,137
Interest		570,304	570,304
Deposits	7,486,190	54,625	7,540,815
Unearned revenue (Note 8)	490,745	2,373,424	2,864,169
Claims payable (Note 15):			
Due within one year	117,012		117,012
Due in more than one year	118,904		118,904
Compensated absences (Note 3):			
Due within one year	298,780	576,749	875,529
Due in more than one year	2,557,469		2,557,469
Long-term debt (Note 9):			
Due within one year	190,288	3,092,464	3,282,752
Due in more than one year	2,224,036	98,872,415	101,096,451
Long-term note payable to JPA (Note 16)			
Due within one year		451,794	451,794
Due in more than one year		19,977,445	19,977,445
OPEB liability, due in more than one year (Note 13)	49,552,550	11,484,578	61,037,128
Net pension liability, due in more than one year (Note 12)	99,682,024	24,923,669	124,605,693
Total Liabilities	<u>169,697,351</u>	<u>164,696,975</u>	<u>334,394,326</u>
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB (Note 13)	637,108	147,054	784,162
Related to pension (Note 12)	2,404,775	1,586,783	3,991,558
Total Liabilities and Deferred Inflows of Resources	<u>172,739,234</u>	<u>166,430,812</u>	<u>339,170,046</u>
NET POSITION (Note 1N):			
Net investment in capital assets	<u>253,773,329</u>	<u>237,288,576</u>	<u>491,061,905</u>
Restricted for:			
Capital projects	26,159,114		26,159,114
Housing	35,147,161		35,147,161
Special revenue projects	7,768,497		7,768,497
Total Restricted Net Position	<u>69,074,772</u>		<u>69,074,772</u>
Unrestricted	<u>(80,275,345)</u>	<u>38,032,992</u>	<u>(42,242,353)</u>
Total Net Position	<u>\$242,572,756</u>	<u>\$275,321,568</u>	<u>\$517,894,324</u>

See accompanying notes to financial statements

CITY OF DAVIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
City council	\$227,060			
City attorney	164,759			
City manager	3,816,385	\$2,793,109	\$758,932	
Administrative services	4,149,905	1,896,642		
Community development	7,088,490	5,686,804	194,814	\$201,377
Parks and community services	16,115,041	4,193,075		742,383
Public safety - fire	14,762,881	1,375,639	1,353,193	
Public safety - police	24,116,427	817,839	2,136,327	
Public works	14,640,068	1,175,848	3,186,712	6,713,712
Special projects	1,244,024			
Interest and fiscal charges	25,559			
Total Governmental Activities	86,350,599	17,938,956	7,629,978	7,657,472
Business-type Activities:				
Water	22,420,606	25,288,329		
Sanitation	13,079,911	12,026,195	21,284	
Sewer	20,774,240	15,029,017	67,656	
Storm sewer	3,978,285	1,828,176		
Public transit	5,117,262	39,433	4,960,122	
Total Business-type Activities	65,370,304	54,211,150	5,049,062	
Total	\$151,720,903	\$72,150,106	\$12,679,040	\$7,657,472

General revenues:

Taxes:

- Property taxes
- Sales taxes
- Municipal services
- Business license
- Park maintenance
- Construction
- Open space protection
- Franchise
- Transient occupancy

Intergovernmental, unrestricted:

- Motor vehicle in-lieu
- Investment earnings
- Miscellaneous

Total general revenues

Change in Net 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
(\$227,060)		(\$227,060)
(164,759)		(164,759)
(264,344)		(264,344)
(2,253,263)		(2,253,263)
(1,005,495)		(1,005,495)
(11,179,583)		(11,179,583)
(12,034,049)		(12,034,049)
(21,162,261)		(21,162,261)
(3,563,796)		(3,563,796)
(1,244,024)		(1,244,024)
(25,559)		(25,559)
<u>(53,124,193)</u>		<u>(53,124,193)</u>
	\$2,867,723	2,867,723
	(1,032,432)	(1,032,432)
	(5,677,567)	(5,677,567)
	(2,150,109)	(2,150,109)
	(117,707)	(117,707)
	<u>(6,110,092)</u>	<u>(6,110,092)</u>
<u>(53,124,193)</u>	<u>(6,110,092)</u>	<u>(59,234,285)</u>
16,171,720		16,171,720
16,504,386		16,504,386
3,138,065		3,138,065
2,577,091		2,577,091
1,412,582		1,412,582
2,063,309		2,063,309
671,714		671,714
1,216,404		1,216,404
2,220,142		2,220,142
6,762,017		6,762,017
2,796,717	1,795,864	4,592,581
553,597	894,528	1,448,125
<u>56,087,744</u>	<u>2,690,392</u>	<u>58,778,136</u>
2,963,551	(3,419,700)	(456,149)
<u>239,609,205</u>	<u>278,741,268</u>	<u>518,350,473</u>
<u>\$242,572,756</u>	<u>\$275,321,568</u>	<u>\$517,894,324</u>

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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 2019. 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, 2019

	General	Low/ Mod Housing Fund	Open Space	Development Deferred Improvement
ASSETS				
Cash and investments (Note 4)	\$24,769,916	\$1,570,799	\$5,902,341	\$22,912,662
Accrued interest	132,320	5,845	22,595	91,898
Receivables:				
General accounts	7,562,025	47,000	33,553	
Grants	822,867	3,264		
Utility accounts	298,332			
Loans (Note 6)	66,621	31,616,801		23,670
Mortgages (Note 6)		322,764		
Prepaid expenses				
Due from other funds (Note 5A)	5,059,593			
Total Assets	\$38,711,674	\$33,566,473	\$5,958,489	\$23,028,230
LIABILITIES				
Payables:				
Accounts and other accrued liabilities	\$3,161,513	\$30,497	\$27,141	\$855,681
Wages	1,903,660	1,772	4,809	
Grants				6,137
Deposits	7,327,971	26,006		132,213
Unearned revenue (Note 8)	263,350			
Due to other funds (Note 5A)				
Total Liabilities	12,656,494	58,275	31,950	994,031
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue (Note 8)	814,232			
Unavailable mortgages (Note 8)		241,055		
Total Deferred Inflows of Resources	814,232	241,055		
FUND BALANCES				
Fund balance (Note 11):				
Nonspendable	66,621			
Restricted		33,267,143	5,926,539	22,034,199
Committed				
Unassigned	25,174,327			
Total Fund Balances	25,240,948	33,267,143	5,926,539	22,034,199
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$38,711,674	\$33,566,473	\$5,958,489	\$23,028,230

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$8,435,740	\$63,591,458
35,692	288,350
285,341	7,927,919
351,354	1,177,485
259,081	557,413
1,755,324	33,462,416
	322,764
	<u>5,059,593</u>
<u>\$11,122,532</u>	<u>\$112,387,398</u>
\$209,838	\$4,284,670
18,869	1,929,110
	6,137
	7,486,190
227,395	490,745
1,532,555	1,532,555
<u>1,988,657</u>	<u>15,729,407</u>
	814,232
	<u>241,055</u>
	<u>1,055,287</u>
	66,621
6,836,586	68,064,467
3,667,142	3,667,142
(1,369,853)	23,804,474
<u>9,133,875</u>	<u>95,602,704</u>
<u>\$11,122,532</u>	<u>\$112,387,398</u>

CITY OF DAVIS
RECONCILIATION OF THE
GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
JUNE 30, 2019

Total fund balances reported on the governmental funds balance sheet \$95,602,704

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. 250,218,167

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	26,728,030
Accrued interest	107,071
Accounts receivable	50,452
Inventory	261,222
Prepays	1,086,378
Capital assets, net	5,969,486
Accounts payable	(638,316)
Wages payable	(121,120)
Claims payable	(235,916)
Unearned revenue	
Leave benefits payable	(298,780)
Net pension liability and related deferred outflows and inflows of resources	(3,701,333)
Net OPEB liability and related deferred outflows and inflows of resources	(6,132,067)
Internal balances	(2,238,340)

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. 1,055,287

LONG-TERM ASSETS AND LIABILITIES

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

Long-term debt	(2,414,324)
Net OPEB liability and related deferred outflows and inflows of resources	(35,849,893)
Net pension liability and related deferred outflows and inflows of resources	(84,318,483)
Non-current portion of compensated absences	(2,557,469)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$242,572,756

See accompanying notes to financial statements

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CITY OF DAVIS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	General	Low/ Mod Housing Fund	Open Space	Development Deferred Improvement
REVENUES				
Taxes	\$50,412,186		\$671,714	
Fines and forfeitures	331,642			
Use of money and property	1,928,056	\$53,462		\$621,353
Intergovernmental	573,060	228,400	147,493	
Charges for current services	10,070,051	156,404		
Development fees				2,776,311
Administrative fee - other funds	2,038,686			
Other	2,938,206	1,747		12,049
Total Revenues	68,291,887	440,013	819,207	3,409,713
EXPENDITURES				
Current:				
City Council	186,873			
City Attorney	164,759			
City Manager	3,433,167			
Administrative services	3,157,123			
Community development	6,348,649			
Parks and community services	11,238,989		230,041	
Public safety - fire	10,789,119			
Public safety - police	18,786,112			
Public works	6,266,842			
Special projects		298,542		
Debt Service:				
Principal	188,462			
Interest	25,559			
Capital outlay	8,350,200		49,599	4,510,977
Total Expenditures	68,935,854	298,542	279,640	4,510,977
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(643,967)	141,471	539,567	(1,101,264)
NET CHANGE IN FUND BALANCES	(643,967)	141,471	539,567	(1,101,264)
BEGINNING FUND BALANCES	25,884,915	33,125,672	5,386,972	23,135,463
ENDING FUND BALANCES	\$25,240,948	\$33,267,143	\$5,926,539	\$22,034,199

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$2,558,649	\$53,642,549
	331,642
316,773	2,919,644
9,285,357	10,234,310
2,706,385	12,932,840
867,288	3,643,599
	2,038,686
	2,952,002
<u>15,734,452</u>	<u>88,695,272</u>
	186,873
	164,759
35,175	3,468,342
745,573	3,902,696
149,867	6,498,516
1,795,042	13,264,072
1,685,744	12,474,863
1,651,647	20,437,759
2,339,284	8,606,126
960,033	1,258,575
	188,462
	25,559
<u>5,699,223</u>	<u>18,609,999</u>
<u>15,061,588</u>	<u>89,086,601</u>
<u>672,864</u>	<u>(391,329)</u>
672,864	(391,329)
8,461,011	95,994,033
<u>\$9,133,875</u>	<u>\$95,602,704</u>

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, 2019

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 (\$391,329)

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	18,609,999
Other capitalized expenditures are deducted from fund balance	(235,996)
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$823,842 which has already been allocated to serviced funds	(7,591,745)
Loss on disposal of capital assets is deducted from fund balance	(82,615)

LONG-TERM DEBT

Repayment of debt principal is added back to fund balance	188,462
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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	(477,521)
Compensated absences	(176,085)
Net OPEB liability and related deferred outflows and inflows of resources	365,741
Net pension liability and related deferred outflows and inflows of resources	(9,327,564)

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	2,082,204
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$2,963,551
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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, 2019

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
ASSETS				
Current Assets:				
Cash and investments (Note 4)	\$34,856,708	\$2,529,076	\$25,076,938	\$4,747,507
Cash and investments with fiscal agents (Note 4)	6,599			
Accrued interest	131,386	9,175	100,193	19,157
Receivables:				
General accounts	2,261,951	6,016	349,008	
Grants				
Utility accounts	2,130,929	1,199,326	1,265,772	354,224
Inventory (Note 11)				
Prepays				
Total Current Assets	<u>39,387,573</u>	<u>3,743,593</u>	<u>26,791,911</u>	<u>5,120,888</u>
Noncurrent Assets:				
Advances to other funds (Note 5B)			5,000,000	
Capital Assets (Note 7)				
Non-depreciable				
Land and construction in progress	11,717,372		21,446,406	6,223,418
Depreciable	204,024,806		180,860,017	101,501,665
Accumulated depreciation	<u>(63,236,254)</u>		<u>(56,605,842)</u>	<u>(48,492,553)</u>
Total Noncurrent Assets	<u>152,505,924</u>		<u>150,700,581</u>	<u>59,232,530</u>
Total Assets	<u>191,893,497</u>	<u>3,743,593</u>	<u>177,492,492</u>	<u>64,353,418</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension (Note 12)	2,079,412	317,821	2,135,004	515,770
Related to OPEB (Note 13)	<u>675,889</u>	<u>150,306</u>	<u>803,154</u>	<u>179,511</u>
Total Deferred Outflows of Resources	<u>2,755,301</u>	<u>468,127</u>	<u>2,938,158</u>	<u>695,281</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	471,716	961,962	499,156	43,886
Wages payable	114,283	20,227	151,812	30,828
Interest payable	570,304			
Compensated absences (Note 3)	237,529	50,920	232,821	37,895
Deposits	44,625		10,000	
Unearned revenue (Note 8)		1,089,000	1,133,825	150,599
Due to other funds (Note 5A)				
Claims payable (Note 15)				
Long-term debt, due in one year (Note 9)	1,757,390		1,335,074	
Long-term note payable to JPA, due in one year (Note 16)	<u>451,794</u>			
Total Current Liabilities	<u>3,647,641</u>	<u>2,122,109</u>	<u>3,362,688</u>	<u>263,208</u>
Noncurrent Liabilities:				
Advances from other funds (Note 5B)		3,000,000		2,215,263
Net OPEB Liability (Note 13)	4,137,207	925,367	4,895,755	1,081,081
Claims payable (Note 15)				
Net pension liability (Note 12)	9,767,337	1,583,331	10,167,155	2,532,586
Long-term debt, due in more than one year (Note 9)	50,090,568		48,781,847	
Long-term note payable to JPA, due in more than one year (Note 16)	<u>19,977,445</u>			
Total Noncurrent Liabilities	<u>83,972,557</u>	<u>5,508,698</u>	<u>63,844,757</u>	<u>5,828,930</u>
Total Liabilities	<u>87,620,198</u>	<u>7,630,807</u>	<u>67,207,445</u>	<u>6,092,138</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pension (Note 12)	654,452	73,947	620,895	187,667
Related to OPEB (Note 13)	<u>52,912</u>	<u>11,809</u>	<u>62,714</u>	<u>13,913</u>
Total Deferred Inflows of Resources	<u>707,364</u>	<u>85,756</u>	<u>683,609</u>	<u>201,580</u>
NET POSITION (Note 1N)				
Net investment in capital assets	80,228,727		95,583,660	59,232,530
Unrestricted	<u>26,092,509</u>	<u>(3,504,843)</u>	<u>16,955,936</u>	<u>(477,549)</u>
Total Net Position	<u>\$106,321,236</u>	<u>(\$3,504,843)</u>	<u>\$112,539,596</u>	<u>\$58,754,981</u>

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
	\$67,210,229	\$26,728,030
	6,599	
\$339	260,250	107,071
428,895	3,045,870	50,452
785,577	785,577	
	4,950,251	
		261,222
		1,086,378
<u>1,214,811</u>	<u>76,258,776</u>	<u>28,233,153</u>
	5,000,000	215,263
	39,387,196	505,083
4,383,232	490,769,720	14,949,856
<u>(2,139,573)</u>	<u>(170,474,222)</u>	<u>(9,485,453)</u>
<u>2,243,659</u>	<u>364,682,694</u>	<u>6,184,749</u>
<u>3,458,470</u>	<u>440,941,470</u>	<u>34,417,902</u>
169,600	5,217,607	3,302,922
73,141	1,882,001	1,036,371
<u>242,741</u>	<u>7,099,608</u>	<u>4,339,293</u>
7,183	1,983,903	638,316
18,455	335,605	121,120
	570,304	
17,584	576,749	298,780
	54,625	
	2,373,424	
1,073,435	1,073,435	2,453,603
		117,012
	3,092,464	
	451,794	
<u>1,116,657</u>	<u>10,512,303</u>	<u>3,628,831</u>
	5,215,263	
445,168	11,484,578	7,081,495
		118,904
873,260	24,923,669	6,681,365
	98,872,415	
	19,977,445	
<u>1,318,428</u>	<u>160,473,370</u>	<u>13,881,764</u>
<u>2,435,085</u>	<u>170,985,673</u>	<u>17,510,595</u>
49,822	1,586,783	322,890
5,706	147,054	86,943
<u>55,528</u>	<u>1,733,837</u>	<u>409,833</u>
2,243,659	237,288,576	5,969,486
<u>(1,033,061)</u>	<u>38,032,992</u>	<u>14,867,281</u>
<u>\$1,210,598</u>	<u>\$275,321,568</u>	<u>\$20,836,767</u>

CITY OF DAVIS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
OPERATING REVENUES				
Charges for current services	\$25,288,329	\$12,026,195	\$15,029,017	\$1,828,176
Total Operating Revenues	25,288,329	12,026,195	15,029,017	1,828,176
OPERATING EXPENSES				
Administrative and billing	738,269	393,270	1,020,612	173,959
Payments to general government	500,087	517,205	324,812	51,406
Water production	10,364,990			
Water distribution	2,694,418			
Water system maintenance	746,885			
Street sweeping		535,951		
Waste removal and solid waste management		11,558,967		
Sewage collection			2,810,376	
Sewage treatment			13,305,987	
Storm drainage system maintenance				1,621,987
Public transportation service				
Special transportation service				
Central stores				
Central equipment				
Duplication - postal				
City administrative facility maintenance				
Insurance administration				
Insurance premiums and claims payments				
Litigation				
MIS services				
OPEB expense	(31,100)	(6,782)	(37,469)	(8,705)
Depreciation	4,290,546		2,016,025	2,008,766
Other	62,899		3,822	130,872
Total Operating Expenses	19,366,994	12,998,611	19,444,165	3,978,285
Operating Income (Loss)	5,921,335	(972,416)	(4,415,148)	(2,150,109)
NONOPERATING REVENUES (EXPENSES)				
Interest income	914,072	58,697	694,833	127,977
Interest (expense)	(3,053,612)	(81,300)	(1,330,075)	
Grants and subventions		21,284	67,656	
Other	583,653	28,244	241,629	21,379
Total Nonoperating Revenues (Expenses)	(1,555,887)	26,925	(325,957)	149,356
Change in net position	4,365,448	(945,491)	(4,741,105)	(2,000,753)
BEGINNING NET POSITION	101,955,788	(2,559,352)	117,280,701	60,755,734
ENDING NET POSITION	\$106,321,236	(\$3,504,843)	\$112,539,596	\$58,754,981

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
\$39,433	\$54,211,150	\$27,314,708
39,433	54,211,150	27,314,708
	2,326,110	
	1,393,510	
	10,364,990	
	2,694,418	
	746,885	
	535,951	
	11,558,967	
	2,810,376	
	13,305,987	
	1,621,987	
4,321,360	4,321,360	
671,715	671,715	
		319,385
		2,533,926
		10,696
		2,085,125
		583,817
		14,020,386
		3,310
		2,800,706
(3,429)	(87,485)	3,147,710
127,616	8,442,953	823,842
	197,593	
5,117,262	60,905,317	26,328,903
(5,077,829)	(6,694,167)	985,805
		719,299
285	1,795,864	
	(4,464,987)	
4,960,122	5,049,062	
19,623	894,528	377,100
4,980,030	3,274,467	1,096,399
(97,799)	(3,419,700)	2,082,204
1,308,397	278,741,268	18,754,563
\$1,210,598	\$275,321,568	\$20,836,767

CITY OF DAVIS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2019

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$26,580,051	\$12,010,186	\$14,832,562	\$1,834,601
Payments to suppliers	(14,068,221)	(12,085,430)	(17,245,440)	(1,609,508)
Payments to employees	(920,211)	(853,925)	(954,634)	(149,382)
Claims paid and claims adjustments				
Other revenue (expenses)	(62,899)		(3,822)	(130,872)
Cash Flows from Operating Activities	<u>11,528,720</u>	<u>(929,169)</u>	<u>(3,371,334)</u>	<u>(55,161)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants and contributions		21,284	67,656	
Interfund receipts				
Interfund (payments)				(61,316)
Cash Flows from Noncapital Financing Activities		<u>21,284</u>	<u>67,656</u>	<u>(61,316)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions of capital assets	(4,073,171)		(3,549,084)	(29,867)
Disposal of capital assets			7,224,608	
Issuance of long-term debt	20,760,437		1,330,075	
Principal payments on capital debt	(27,606,030)			
Interest paid	(3,067,958)	(81,300)	(1,330,075)	
Cash Flows from Capital and Related Financing Activities	<u>(13,986,722)</u>	<u>(81,300)</u>	<u>3,675,524</u>	<u>(29,867)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	904,058	59,002	702,553	121,068
Cash Flows from Investing Activities	<u>904,058</u>	<u>59,002</u>	<u>702,553</u>	<u>121,068</u>
Net Cash Flows	(1,553,944)	(930,183)	1,074,399	(25,276)
Cash and investments at beginning of period	36,417,251	3,459,259	24,002,539	4,772,783
Cash and investments at end of period	<u>\$34,863,307</u>	<u>\$2,529,076</u>	<u>\$25,076,938</u>	<u>\$4,747,507</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating income (loss)	\$5,921,335	(\$972,416)	(\$4,415,148)	(\$2,150,109)
Litigation settlement and other	583,653	28,244	241,629	21,379
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	4,290,546		2,016,025	2,008,766
Other revenues				
Change in assets and liabilities:				
Receivables:				
General accounts	683,803	(4,975)	(344,782)	
Utility accounts	24,266	(170,031)	(93,302)	(17,951)
Prepaid expenses				
Inventory				
Prepays				
Accounts payable	(261,928)	9,488	(1,129,077)	12,479
Wages payable	25,152	(333)	21,685	2,355
Leave benefits payable	40,918	448	39,466	4,652
Claims payable				
Unearned revenue		130,753	32,415	2,997
Net OPEB liability, and related deferred outflows and deferred inflows	(31,100)	(6,782)	(37,469)	(8,705)
Net pension liability, and related deferred outflows and deferred inflows	252,075	56,435	297,224	68,976
Cash Flows from Operating Activities	<u>\$11,528,720</u>	<u>(\$929,169)</u>	<u>(\$3,371,334)</u>	<u>(\$55,161)</u>

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
\$59,056	\$55,316,456	\$27,904,296
(5,075,970)	(50,084,569)	(20,162,937)
(548,181)	(3,426,333)	(5,375,246)
	(197,593)	5,989
<u>(5,565,095)</u>	<u>1,607,961</u>	<u>2,372,102</u>
7,817,347	7,906,287	
(2,195,963)	(2,257,279)	61,316
<u>5,621,384</u>	<u>5,649,008</u>	<u>300,464</u>
		361,780
(57,008)	(7,709,130)	(1,261,783)
	7,224,608	
	22,090,512	
	(27,606,030)	
	(4,479,333)	
<u>(57,008)</u>	<u>(10,479,373)</u>	<u>(1,261,783)</u>
719	1,787,400	697,820
<u>719</u>	<u>1,787,400</u>	<u>697,820</u>
	(1,435,004)	2,169,919
	68,651,832	24,558,111
	<u>\$67,216,828</u>	<u>\$26,728,030</u>
(\$5,077,829)	(\$6,694,167)	\$985,805
19,623	894,528	
127,616	8,442,953	823,842
		377,100
(428,735)	(94,689)	184,321
	(257,018)	(494,863)
		34,371
(232,549)	(1,601,587)	316,222
606	49,465	(122,088)
(2,587)	82,897	31,105
		9,299
	166,165	(10,538)
(3,429)	(87,485)	(29,183)
<u>32,189</u>	<u>706,899</u>	<u>266,709</u>
<u>(\$5,565,095)</u>	<u>\$1,607,961</u>	<u>\$2,372,102</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, 2019

	RDA Obligation Retirement Private-Purpose Trust Fund	Agency Funds
ASSETS		
Current assets:		
Cash and investments (Note 4)	\$2,245,234	\$14,385,019
Cash and investments with fiscal agents (Note 4)	17,382,753	4,664,438
Accounts receivable		143,239
Loans receivable (Note 19D)	204,269	
Accrued interest receivable		63,031
	19,832,256	\$19,255,727
LIABILITIES		
Current liabilities:		
Accounts payable	4,589	\$955,567
Wages payable	5,342	
Interest payable (Note 19E)	428,970	
Deposits payable		50,000
Long-term debt, due in one year (Note 19F)	1,355,000	
Due to members		10,200,524
Due to bondholders		8,049,636
Noncurrent liabilities:		
Long-term debt, due in more than one year (Note 19F)	34,321,019	
	36,114,920	\$19,255,727
NET POSITION	(\$16,282,664)	

See accompanying notes to financial statements

CITY OF DAVIS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019

	RDA Obligation Retirement Private-Purpose Trust Fund
ADDITIONS	
Property tax revenues	\$3,602,140
Investment earnings	249,592
Total additions	3,851,732
DEDUCTIONS	
Program expenses	249,998
Interest and fiscal charges	2,159,699
Total deductions	2,409,697
CHANGES IN NET POSITION	1,442,035
Beginning net position	(17,724,699)
Ending net position	(\$16,282,664)

See accompanying notes to financial statements

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CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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.

Joint Ventures

The City is a member of a number of joint powers authorities in which the City has only a residual equity interest in the related entity. The City is not liable for the liabilities of the entities if they dissolve. The City is a member of the following joint ventures: Regional Water Authority (advances water issues), YCParmia (risk management), the Sacramento Area Council of Governments (transportation planning agency), Woodland Davis Water Supply JPA (water treatment plant), Yolo County Transportation District (bus service), Unitrans (bus service), Valley Clean Energy, Yolo Habitat Conservancy (habitat conservation), and Yolo Subbasin Groundwater Authority (groundwater management). The financial statements of the joint powers authorities are available on the websites of the related entities, if applicable.

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LOW/MOD HOUSING FUND

The purpose of the Low Mod Income Housing Asset Special Revenue Fund is to account for the activities of the housing assets of the former Redevelopment Agency of the City of Davis, including loans receivable and payments thereon, state and federal grants and reimbursements from other agencies for low income housing activities as allowed by AB 1484. When loans recorded in the Low and Moderate Income Housing Fund are repaid, the resources must be used for housing activities within three years, or 20% of the resulting residual funds are required to be submitted to the Successor Agency to the Redevelopment Agency Private-Purpose Trust Fund in accordance with AB 1484.

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PUBLIC TRANSIT FUND

This fund accounts for special transportation funds derived from the City's share of motor fuel revenue to pay contracted transportation services. This fund includes legally restricted items approved in the City's Transportation Development Act claim.

INTERNAL SERVICE FUNDS

These funds account for general services, building maintenance, City's self-insurance and Employee Benefits Fund; 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.

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, 2019

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.

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, 2019

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

Contributed capital assets are valued at their estimated fair value on the date contributed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. All other capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. 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, 2019

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, 2019

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, 2019.

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, 2019.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 83 – Certain Asset Retirement Obligations- This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. GASB Statement No. 83 requires the current value of a governments' AROs to annually be adjusted for the effects of general inflation or deflation, and relevant factors that may significantly change the estimated asset retirement outlays. This statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. This Statement had no effect on the City's Financial Statements.

GASB 88 – Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements – The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledge as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The City implemented this statement in fiscal year 2018-19. See additional information in Notes 9, 16 and 19.

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City’s OPEB Plan and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by OPEB Trust. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Closed Fund

During fiscal year 2018-19 the City closed the Child Care Grant Special Revenue Fund. See Note 18.

NOTE 2 – DEFICIT FUND EQUITY

The following funds reported deficit fund equity at June 30, 2019. These deficits are expected to be eliminated by future revenues.

<u>Special Revenue Funds</u>	
Park Maintenance Tax	\$1
Public Safety	65,079
Federal/State Highway Grants	1,304,773
<u>Proprietary Fund</u>	
Sanitation	\$3,504,843
<u>Internal Service Funds</u>	
Building Maintenance	\$480,804
City Self-Insurance	2,465,034
Employee Benefits	1,728,398

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019:

The changes in compensated absences were as follow:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Beginning Balance	\$2,649,059	\$493,852	\$3,142,911
Additions	3,101,563	434,861	3,536,424
Payments	<u>(2,894,373)</u>	<u>(351,964)</u>	<u>(3,246,337)</u>
Ending Balance	<u>\$2,856,249</u>	<u>\$576,749</u>	<u>\$3,432,998</u>
Current Portion	<u>\$298,780</u>	<u>\$576,749</u>	<u>\$875,529</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, 2019

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 that addresses interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government.

Code 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	No Limit
Banker's Acceptances	180 days	No Limit	40%	*
Commercial Paper	270	P-1 or A-1	25%	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
Certificates of Deposit	5 years	No Limit	30%	No Limit
Medium-Term Corporate Notes	5 years	A	30%	No Limit
Money Market Mutual Funds	No Limit	AAA	20%	10%
Asset-Backed Securities	5 years	A	20%	No Limit
Supranational Obligations	5 years	AA	30%	No Limit
Repurchase Agreements	1 year	No Limit	No Limit	No Limit
Security Transactions	No Limit	No Limit	No Limit	No Limit

* No more than \$5 million.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019

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, 2019, are as follows:

City Cash and Investments in Primary Government:	
Cash and investments	\$157,529,717
Cash and investments with fiscal agents	6,599
Total City Cash and Investments in Primary Government	157,536,316
Cash and Investments in Fiduciary Funds	
Cash and investments	16,630,253
Cash and investments with fiscal agents	22,047,191
Total Fiduciary Funds Cash and Investments	38,677,444
Total Cash and Investments	\$196,213,760
Cash and Investments as of June 30, 2019, consist of the following:	
Cash on hand	\$12,600
Cash with financial institutions	10,650,616
Investments	185,550,544
Total Cash and Investments	\$196,213,760

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, 2019

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	13 to 24 months	25 to 60 months	Total
<i>Held by City:</i>				
California Asset Management Program	\$41,077,682			\$41,077,682
California Local Agency Investment Fund	70,154,372			70,154,372
Certificates of Deposit	251,185			251,185
U.S. Treasury	244,273	\$130,391	\$16,465,935	16,840,599
Supra-National Agency Bond/Notes	746,230	1,946,568	215,001	2,907,799
Municipal Bond Note		594,132		594,132
Federal Agency Collateralized Mortgage Obligation			876,254	876,254
U.S. Agency Securities		1,046,585	1,302,812	2,349,397
Corporate Notes	2,307,919	5,329,997	7,582,693	15,220,609
Commercial Paper	2,236,616			2,236,616
Negotiable Certificate of Deposit	3,072,370	1,670,316		4,742,686
Asset-Backed Securities		330,987	5,914,206	6,245,193
<i>Held by Trustees:</i>				
Money Market	22,054,020			22,054,020
Total investments	<u>\$142,144,667</u>	<u>\$11,048,976</u>	<u>\$32,356,901</u>	<u>\$185,550,544</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, 2019, these investments matured in an average of 173 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, 2019, the fair value approximated is the City's cost. On June 30, 2019, these investments matured in an average of 54 days.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 4 – CASH AND INVESTMENTS (Continued)

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.

F. Fair Value Hierarchy

The City categorized 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, 2019:

<i>Investments by Fair Value Level:</i>	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
U.S. Treasury	\$16,840,599		\$16,840,599
U.S. Agency Securities		\$2,349,397	2,349,397
Supra-National Agency Bond/Note		2,907,799	2,907,799
Municipal Bond/Note		594,132	594,132
Federal Agency Collateralized Mortgage Obligation		876,254	876,254
Corporate Notes		15,220,609	15,220,609
Commercial Paper		2,236,616	2,236,616
Negotiable Certificate of Deposit		4,742,686	4,742,686
Asset-Backed Securities		6,245,193	6,245,193
Total Investments	<u>\$16,840,599</u>	<u>\$35,172,686</u>	<u>52,013,285</u>
 <i>Investments Measured at Net Asset Value Per Share:</i>			
California Asset Management Program			41,077,682
 <i>Investments Measured at Amortized Cost:</i>			
Money Market Mutual Fund			22,054,020
California Local Agency Investment Fund (LAIF)			70,154,372
Certificates of Deposit			251,185
 <i>Cash in banks and on hand</i>			
Total Cash and investments			<u>10,663,216</u> <u>\$196,213,760</u>

Investments classified in Level 1 of the fair value hierarchy are valued using a quoted price in an active market for an identical asset. Investments classified in Level 2 of the fair value hierarchy, are valued using pricing techniques or matrix pricing or market corroborated pricing, with inputs such as yield curves or indices. These prices are obtained from various pricing sources by our custodian bank. Fair value is defined as the quoted market value on the last trading day of the period.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 4 - CASH AND INVESTMENTS (Continued)

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, 2019, are as follows:

Investment Type	AAA/ Aaa	Aa1 - Aa3	A1 - A 3	Baa1	P-1	Total
<i>Held by City:</i>						
California Asset Management Program	\$41,077,682					\$41,077,682
U.S. Treasury	16,840,599					16,840,599
U.S. Agency Securities	2,349,397					2,349,397
Corporate Notes		\$1,876,061	\$12,732,304	\$612,244		15,220,609
Commercial Paper					\$2,236,616	2,236,616
Negotiable Certificate of Deposit			1,670,316		3,072,370	4,742,686
Asset-Backed Securities	6,245,193					6,245,193
Supra-National Agency Bond/Notes	2,907,799					2,907,799
Municipal Bond Note		594,132				594,132
Federal Agency Collateralized Mortgage Obligation	876,254					876,254
<i>Held by Trustees:</i>						
Money Market	22,054,020					22,054,020
	<u>\$92,350,944</u>	<u>\$2,470,193</u>	<u>\$14,402,620</u>	<u>\$612,244</u>	<u>\$5,308,986</u>	
<i>Not rated:</i>						
California Local Agency Investment Fund						70,154,372
Certificates of Deposit						251,185
Total investments						<u>\$185,550,544</u>

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 5 – INTERFUND TRANSACTIONS

A. 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, 2019, 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>
General Fund	Non Major Governmental Funds	\$1,532,555
	Public Transit Enterprise Fund	1,073,435
	Employee Benefits Internal Service Fund	<u>2,453,603</u>
		<u>\$5,059,593</u>

All balances pertain to short-term loans to cover cash shortages as of June 30, 2019. The City expects these balances to be repaid in fiscal year 2019-20.

B. Interfund Advances

At June 30, 2019, the following funds had made advances which were not expected to be repaid within the next year.

<u>Fund Making Advance</u>	<u>Fund Receiving Advance</u>	<u>Amount of Advance</u>
General Services Internal Services Fund	Storm Sewer Enterprise Fund	\$215,263
Sewer Enterprise Fund	Sanitation Enterprise Fund	3,000,000
	Storm Sewer Enterprise Fund	<u>2,000,000</u>
		<u>\$5,215,263</u>

Storm Sewer Enterprise Funds make annual principal and interest payment on July 1, with final repayment by fiscal year 2023.

In fiscal year 2018, the Sewer Enterprise fund loaned \$3,000,000 to the Sanitation Fund for cash flow purposes until the completion of the solid waste study. Simple interest accrues at a variable rate equal to the average annual yield, plus 0.25% and repayments are due annually by June 30, with final repayment by fiscal year 2029. As of June 30, 2019, the outstanding loan balance was \$3,000,000.

In fiscal year 2018, the Sewer Enterprise fund loaned \$2,000,000 to the Storm Sewer Fund for costs relating to the construction of underground storm drain infrastructure related to the Third Street Improvements Project. Interest accrues at a rate of average annual yield, plus 0.25% per annum and repayments are due annually by June 30, with final repayment by fiscal year 2022. As of June 30, 2019, the outstanding loan balance was \$2,000,000.

C. 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, 2019

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

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.

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, 2019
Loans Receivable:	
Davis Mutual Housing Association	\$4,212,623
New Harmony Loan	8,913,045
Windmere II	1,066,120
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	43,978
Other Commercial Rehabilitation	
Housing Rehabilitation, and Affordable Housing	920,000
Community Housing Opportunities Corporation	1,856,523
Barlett Commons- Cannery	574,768
Employee Computer Loans	46,313
Total Loans Receivable - Governmental Activities	33,462,416
Mortgages Receivable	322,764
Total Loans and Mortgages Receivable	\$33,785,180

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 6 – LOANS AND NOTES RECEIVABLES (Continued)

Both agreements are secured by deeds of trust. As of June 30, 2019, the Association had a remaining balance of \$4,212,623.

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, 2019, 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, 2019 was \$1,066,120.

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, 2019

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, 2019 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 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, 2019 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 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, 2019 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, 2019 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, 2019.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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 \$43,978 at June 30, 2019.

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, 2019 was \$920,000.

K. *Community Housing Opportunities Corporation*

The City entered into multiple agreements with Community Housing Opportunities Corporation, a California nonprofit public benefit Corporation for the acquisition, rehabilitation and construction of 61 affordable housing rental units. All of the units are rented to households with income that is 80% or less of the area median income, with 27 of the units restricted to households with income that is 50% or less of the area median income. Under the terms of the various agreements, the Agency has loaned the Corporation \$1,645,496. The note for the acquisition of the Rosa Parks property in the amount of \$245,000 bears no interest and the balance of the loan is due on sale of the property. The note for the rehabilitation of Rosa Parks Apartments in the amount of \$50,660, for the installation of new HVAC units, bears simple interest at 3 percent and will be due on December 16, 2064. The note for Olive Court Apartments in the amount of \$100,000 bears simple interest at 3 percent, and is due May 29, 2028. The note on the acquisition and rehabilitation of the Homestead Apartments in the amount of \$723,395, bears simple interest at 3 percent and will be due April 25, 2061. In October 2018, the City agreed to loan an additional \$737,468 to Owendale Mutual Housing Community (Third City Loan) for a 45-unit affordable rental housing facility located at 3023 Albany Avenue for rehabilitation work. The Third City Loan will not accrue interest and shall be due under one of the following circumstances (i) default under the loan agreement, (ii) abandonment, sale, or transfer of interest other than transfer permitted under the agreement, or (iii) fifty-five years after the completion of rehabilitation work. The balance of these loans receivable arising from these notes at June 30, 2019 was \$1,856,523.

L. *Barlett Commons*

The City entered into a loan agreement with Cannery Loft Investors to be used to repay certain construction costs related to the construction of the Bartlett Commons housing project. Under the terms of the agreement, the City has Cannery Loft Investors \$574,768. The loan bears simple interest at 3 percent and is secured by a deed of trust on the property. The balance of the loan as of June 30, 2019 was \$574,768.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 6 – LOANS AND NOTES RECEIVABLES (Continued)

M. *Other Loan Receivables*

The City entered into an agreement with the Davis Musical Theatre Company to provide an unsecured loan to assist in constructing tenant improvements to the building and converting it into a theatre. The original principal balance was \$50,000 and bears interest at 4.8 percent. It was to be repaid through monthly installments of \$261 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 are to be made monthly until March 5, 2031. During the current fiscal year, the City wrote off the entire loan amount the was due.

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, 2019, the loans outstanding amounted to \$46,313.

N. *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, 2019 was \$322,764.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 7 – CAPITAL ASSETS

A. Capital Asset Additions and Retirements

Capital assets activity of governmental activities for the year ended June 30, 2019, is as follows:

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
<i>Governmental Activities</i>					
Capital assets not being depreciated:					
Land	\$56,476,321				\$56,476,321
Construction in Progress	11,577,095	\$18,480,287		(\$3,975,440)	26,081,942
Total capital assets not being depreciated	68,053,416	18,480,287		(3,975,440)	82,558,263
Capital assets being depreciated:					
Buildings	28,372,829				28,372,829
Improvements	21,306,447		(\$46,591)	310,386	21,570,242
Vehicles	9,192,792	807,093	(570,232)		9,429,653
Computer and Equipment	3,252,504	348,406	(486,180)		3,114,730
Infrastructure					
Streets	270,239,368			3,665,054	273,904,422
Parks and Greenbelts	68,413,499				68,413,499
Bike and Pedestrian Pathways	15,341,499				15,341,499
Total capital assets being depreciated	416,118,938	1,155,499	(1,103,003)	3,975,440	420,146,874
Less accumulated depreciation:					
Buildings	(12,677,981)	(553,267)			(13,231,248)
Improvements	(6,841,475)	(837,283)	36,651		(7,642,107)
Vehicles	(6,644,944)	(705,321)	531,296		(6,818,969)
Computer and Equipment	(2,233,814)	(146,944)	452,441		(1,928,317)
Infrastructure					
Streets	(154,046,467)	(5,259,113)			(159,305,580)
Parks and Greenbelts	(43,911,296)	(840,283)			(44,751,579)
Bike and Pedestrian Pathways	(12,766,308)	(73,376)			(12,839,684)
Total accumulated depreciation	(239,122,285)	(8,415,587)	1,020,388		(246,517,484)
Net capital assets being depreciated	176,996,653	(7,260,088)	(82,615)	3,975,440	173,629,390
Governmental Activities Capital Assets, Net	\$245,050,069	\$11,220,199	(\$82,615)		\$256,187,653

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 7 – CAPITAL ASSETS (Continued)

Capital assets activity of business-type activities for the year ended June 30, 2019, is as follows:

	Balance at June 30, 2018	Additions	Retirements	Transfers	Balance at June 30, 2019
<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	17,521,796			(\$17,521,796)	
Other	108,039,949	\$7,639,483	(\$7,224,608)	(90,851,007)	17,603,817
Total capital assets not being depreciated	147,345,124	7,639,483	(7,224,608)	(108,372,803)	39,387,196
Capital assets, being depreciated:					
Buildings and Improvements	4,226,505				4,226,505
Water Wells, Pumps and Related Assets	73,098,656		(\$1,266,935)	1,215,112	73,046,833
Water Distribution System	88,592,310			17,521,796	106,114,106
Sewer Treatment Plant	44,444,902			78,107,255	122,552,157
Sewer Pipes and Pipelines	36,392,537				36,392,537
Drainage Facilities	101,483,928				101,483,928
Equipment	12,025,927	69,647	(136,174)	11,528,640	23,488,040
Intangible Assets	23,465,614				23,465,614
Net capital assets being depreciated	383,730,379	69,647	(1,403,109)	108,372,803	490,769,720
Less accumulated depreciation for:					
Buildings and Improvements	(1,977,372)	(106,844)			(2,084,216)
Water Wells, Pumps and Related Assets	(31,284,587)	(1,284,551)	1,266,935		(31,302,203)
Water Distribution System	(25,913,971)	(1,930,423)			(27,844,394)
Sewer Treatment Plant	(31,736,842)	(1,017,245)			(32,754,087)
Sewer Pipes and Pipe Lines	(17,235,430)	(687,393)			(17,922,823)
Drainage Facilities	(46,478,762)	(2,005,218)			(48,483,980)
Equipment	(6,766,946)	(391,035)	136,174		(7,021,807)
Intangible Assets	(2,040,468)	(1,020,244)			(3,060,712)
Total accumulated depreciation	(163,434,378)	(8,442,953)	1,403,109		(170,474,222)
Net capital assets being depreciated	220,296,001	(8,373,306)		108,372,803	320,295,498
Business-type Activities Capital Assets, Net	\$367,641,125	(\$733,823)	(\$7,224,608)		\$359,682,694

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.

B. Capital Asset Contributions

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 7 – CAPITAL ASSETS (Continued)

C. Depreciation Allocation

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

<i>Governmental Activities</i>	
City council	\$8,176
City manager	35,047
Administrative services	3,571
Parks and community services	2,278,621
Public safety - fire	102,497
Public safety - police	187,956
Public works	<u>5,799,719</u>
Total Governmental Activities	<u><u>\$8,415,587</u></u>
<i>Business-Type Activities</i>	
Water	\$4,290,546
Sewer	2,016,025
Storm sewer	2,008,766
Public transit	<u>127,616</u>
Total Business-Type Activities	<u><u>\$8,442,953</u></u>

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, 2019, 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		\$490,745	\$490,745
Receivables collected after the 60-day period of availability	\$814,232		814,232
Second mortgage loans not available within 60-day period of availability	<u>241,055</u>		<u>241,055</u>
Total Governmental Funds	<u><u>\$1,055,287</u></u>	<u><u>\$490,745</u></u>	<u><u>\$1,546,032</u></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, 2019, the unearned revenue reported in proprietary funds are \$2,373,424.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019 is as follows:

	Balance at June 30, 2018	Retirements	Balance at June 30, 2019	Current Portion
Governmental Activity Long-Term Debt:				
Direct Borrowings:				
State Revolving Fund Loan #5 - Energy Conservation 1.0%, due 6/22/32	\$2,602,786	\$188,462	\$2,414,324	\$190,288
Total Governmental Activity Long-Term Debt	\$2,602,786	\$188,462	\$2,414,324	\$190,288

	Balance June 30, 2018	Additions	Retirements	Balance June 30, 2019	Current Portion
Business-type Activities Long-Term Debt:					
Direct Borrowings:					
State Revolving Fund Loan #3 1.5%, due 10/01/48	\$48,786,846	\$1,330,075		\$50,116,921	\$1,335,074
State Revolving Fund Loan #4 1.6%, due 12/31/48	23,553,434	639,387		24,192,821	634,622
East Area Water Storage Tank Loan 4.0%, due 8/01/38	8,260,360		\$258,385	8,001,975	268,720
Wells Fargo Water Bonds Due 6/30/39	26,470,000		26,470,000		
U.S. Bank Water Revenue Refunding Bonds Due 10/01/36		20,121,050	467,888	19,653,162	854,048
Total Business-type Activities Long-Term Debt	\$107,070,640	\$22,090,512	\$27,196,273	\$101,964,879	\$3,092,464

B. Debt Service Requirements

Future principal and interest payments on long-term debt are as follows at June 30, 2019:

Fiscal Year Ending June 30,	Governmental-Type Activities - Direct Borrowings			Business-Type Activities Direct Borrowings:		
	Principal	Interest	Total	Principal	Interest	Total
2020	\$190,288	\$23,734	\$214,022	\$3,092,464	\$2,073,723	\$5,166,187
2021	192,259	21,763	214,022	3,160,855	2,005,117	5,165,972
2022	194,186	19,835	214,021	3,231,021	1,934,726	5,165,747
2023	196,132	17,888	214,020	3,303,016	1,862,500	5,165,516
2024	198,057	15,965	214,022	3,376,894	1,788,381	5,165,275
2025-2029	1,020,662	49,443	1,070,105	18,062,568	7,759,822	25,822,390
2030-2034	422,740	5,301	428,041	20,226,501	5,588,305	25,814,806
2035-2039				18,893,797	3,226,018	22,119,815
2040-2044				13,765,008	1,777,665	15,542,673
2045-2049				14,852,755	689,922	15,542,677
Total	\$2,414,324	\$153,929	\$2,568,253	\$101,964,879	\$28,706,179	\$130,671,058

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 9 – LONG-TERM DEBT (Continued)

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

State Revolving Fund Loan #5 – On July 10, 2015, the City entered into a contract to borrow funds from the State of California Energy Commission. The funds are being used for an energy savings project, including bike path and pedestrian path lights with LED fixtures. The maximum loan amount is \$3,000,000, of which the City had drawn \$2,602,786. The loan bears interest at 1.0 percent per year for a term of thirty years. As of June 30, 2019, the City owed \$2,414,324 on the loan.

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 \$50,116,921. The loan bears interest at 1.5 percent per year for a term of thirty years. As of June 30, 2019, the City owed \$50,116,921 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 \$23,553,434. The loan bears interest at 1.6 percent per year for a term of thirty years. As of June 30, 2019, the City owed \$24,192,821 on the loan.

East Area Water Storage Tank Loan – In July 2009, City Council executed an enterprise fund installment sale agreement with the California Infrastructure and Economic Development Bank. The funds are to provide financing for the East Area Tank and other components of the Davis Wells Capacity EIR project. The maturity date for the loan is August 1, 2038, in the amount not to exceed \$10,000,000. The note bears an interest rate of 4 percent per annum. During fiscal year 2011-2012, the City made a final draw of \$2,577,084 in funds associated with this installment sale agreement resulting in the maximum amount of the loan \$10,000,000 being drawn. As of June 30, 2019, the City owed \$8,001,975 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. In October 2018, proceeds from the U.S. Bank Water refunding bonds were used to refund the 2013 Water Revenue Bonds.

U.S. Bank Water Revenue Refunding Bonds – In October 2018, the City of Davis a private agreement in the amount of \$20,121,050 to refinance the outstanding balance of the City of Davis Public Facilities Financing Authority, Wells Fargo 2013 Water Revenue Bond. The maturity date for the bond is October 1, 2036. The note bears an interest rate of 3.19 percent per annum. The outstanding principal balance on the bonds as of June 30, 2019 is \$19,653,162.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019, is as follows:

Description	Issue Year	Maturity Year	Outstanding June 30, 2019
Public Facilities Financing Authority \$9,570,000 original principal	2009	2030	\$7,955,000
Community Facilities District No. 2015-01 \$9,665,000 original principal	2015	2045	9,540,000
2016 Special Tax Refunding Bonds (Community Facilities District No. 2007-2) \$4,342,128 original principal	2017	2037	4,044,165
Community Facilities District (2017) 1991-2 \$8,663,131 original principal	2017	2025	<u>6,763,233</u>
Total			<u><u>\$28,302,398</u></u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 11- CLASSIFICATION OF FUND BALANCE

Detailed classifications of the City's fund balances, as of June 30, 2019, are below.

<u>Fund Balance Classifications</u>	<u>General Fund</u>	<u>Low/Mod Housing</u>	<u>Open Space</u>	<u>Development Deferred Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendables:						
Items not in spendable form:						
Loans Receivable	\$66,621					\$66,621
Total Nonspendable Fund Balances	<u>66,621</u>					<u>66,621</u>
Restricted for:						
Development Services				\$1,398,446		1,398,446
Roadways and Street Improvements				8,461,993	\$1,419,032	9,881,025
Parks			\$5,926,539	5,698,726		11,625,265
Public Safety				3,294,188		3,294,188
General Facilities				1,347,037		1,347,037
Open Space				1,833,809		1,833,809
Grants					2,360,809	2,360,809
Public Facilities					228,888	228,888
Land Acquisition					1,568,111	1,568,111
District Improvements					1,259,746	1,259,746
Low-Income Housing		\$33,267,143				33,267,143
Total Restricted Fund Balances		<u>33,267,143</u>	<u>5,926,539</u>	<u>22,034,199</u>	<u>6,836,586</u>	<u>68,064,467</u>
Committed to:						
Municipal Arts					824,353	824,353
In-Lieu-of Parking and Parking					592,432	592,432
Agriculture Land Acquisition					270,817	270,817
Cable TV					1,284,847	1,284,847
Building and Planning					694,693	694,693
Total Committed Fund Balances					<u>3,667,142</u>	<u>3,667,142</u>
Unassigned:						
General Fund	25,174,327					25,174,327
Other Fund Deficit Residuals					(1,369,853)	(1,369,853)
Total Unassigned Fund Balances	<u>25,174,327</u>				<u>(1,369,853)</u>	<u>23,804,474</u>
Total Fund Balances	<u>\$25,240,948</u>	<u>\$33,267,143</u>	<u>\$5,926,539</u>	<u>\$22,034,199</u>	<u>\$9,133,875</u>	<u>\$95,602,704</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019:

	Deferred Outflows of Resources	Net Pension Liability/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
Miscellaneous	\$9,873,332	\$72,783,040	\$944,475
Safety	9,411,258	51,822,653	3,047,083
Total	<u>\$19,284,590</u>	<u>\$124,605,693</u>	<u>\$3,991,558</u>

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 12 – PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30, 2019, 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 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426 - 2.418%; 2.0 - 2.5%	1.0 - 2.5%
Required employee contribution rates	7.731%	6.25%
Required employer contribution rates	9.272%	9.272%

Employees Covered – At June 30, 2017 actuarial valuation date and the June 30, 2018 measurement date, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous	
	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Inactive employees or beneficiaries currently receiving benefits	397	419
Inactive employees entitled to but not yet receiving benefits	289	298
Active employees	252	261
Total	<u>938</u>	<u>978</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.

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, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 12 – PENSION PLANS (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2017	\$209,043,796	\$136,006,014	\$73,037,782
Changes in the year:			
Service cost	3,197,240		3,197,240
Interest on the total pension liability	14,683,109		14,683,109
Differences between actual and expected experience	1,359,674		1,359,674
Changes in assumptions	(1,361,376)		(1,361,376)
Plan to plan resource movement		(334)	334
Changes in benefit terms			
Contribution - employer		5,636,259	(5,636,259)
Contribution - employees		1,562,038	(1,562,038)
Net investment income		11,549,829	(11,549,829)
Administrative expenses		(211,935)	211,935
Benefit payments, including refunds of employee contributions	(10,565,084)	(10,565,084)	
Other Miscellaneous Income/(Expense)		(402,468)	402,468
Net changes	<u>7,313,563</u>	<u>7,568,305</u>	<u>(254,742)</u>
Balance at June 30, 2018	<u>\$216,357,359</u>	<u>\$143,574,319</u>	<u>\$72,783,040</u>

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	6.15%
Net Pension Liability	\$100,768,210
Current Discount Rate	7.15%
Net Pension Liability	\$72,783,040
1% Increase	8.15%
Net Pension Liability	\$49,565,191

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 12 – PENSION PLANS (Continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2019, the City recognized negative pension expense of \$(4,180,359). At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$6,432,957	
Differences between actual and expected experience	856,091	(\$87,312)
Changes in assumptions	2,304,630	(857,163)
Net differences between projected and actual earnings on plan investments	279,654	
Total	\$9,873,332	(\$944,475)

\$6,432,957 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2020	\$3,950,958
2021	367,685
2022	(1,423,644)
2023	(399,099)
Total	\$2,495,900

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

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 12 – PENSION PLANS (Continued)

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, 2019, 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 - 57
Monthly benefits, as a % of eligible compensation	3%	2-2.7%
Required employee contribution rates	9%	11.75%
Required employer contribution rates	18.672%	12.391%

	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 - 57
Monthly benefits, as a % of eligible compensation	3%	2-2.7%
Required employee contribution rates	9%	11.25%
Required employer contribution rates	20.560%	12.891%

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, 2019, the contributions to the Safety Plan were as follows:

	Safety
Contributions - employer	\$2,776,563

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 12 – PENSION PLANS (Continued)

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, 2019, the City reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Safety	\$51,822,653

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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2017 and 2018 was as follows:

	Safety
Proportion - June 30, 2017	0.85%
Proportion - June 30, 2018	0.88%
Change - Increase (Decrease)	0.03%

For the year ended June 30, 2019, the City recognized pension expense of \$(6,120,813) for Safety Plan. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to the pensions for the Safety Plan from the following sources:

Safety Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$2,776,563	
Differences between actual and expected experience	1,113,494	(\$4,224)
Changes in assumptions	5,084,706	(686,018)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	85,631	(1,054,625)
Net differences between projected and actual earnings on plan investments	350,864	(1,302,216)
Total	\$9,411,258	(\$3,047,083)

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 12 – PENSION PLANS (Continued)

\$2,776,563 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Annual Amortization
2020	\$3,610,259
2021	1,998,506
2022	(1,662,203)
2023	(358,950)
	\$3,587,612

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:

	Safety
1% Decrease	6.15%
Net Pension Liability	\$72,937,757
Current Discount Rate	7.15%
Net Pension Liability	\$51,822,653
1% Increase	8.15%
Net Pension Liability	\$34,522,606

D. Information Common to the Miscellaneous and Safety Plans

Actuarial Assumptions – For the measurement period ended June 30, 2018, the total pension liability was determined by rolling forward the June 30, 2017 total pension liability. The June 30, 2019 total pension liability was determined using the following actuarial assumptions:

	Safety
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% (1)
Mortality	Derived using CalPERS Membership Data for all Funds (2)

- (1) Net of pension plan investment expenses, including inflation
- (2) The mortality tables used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report that can be found on the CalPERS website.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 12 – PENSION PLANS (Continued)

Change of Assumptions – For the measurement date of June 30, 2018, the inflation rate reduced from 2.75% to 2.50%.

Discount Rate – The discount rate used to measure the total pension liability for each Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, each Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members for all plans in the PERF. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability for each Plan.

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 (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 adjusted to account for assumed administrative expenses.

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 (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% 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, 2019

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS

A. General Information about the City’s Other Post Employment Benefit (OPEB) Plan

The City’s Post Employment Benefit Plan is an agent multiple employer plan. 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 dependents.)	100% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependents. 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 dependents.	75% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependents. 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 dependents.
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 dependents.)	75% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependents. 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 dependents.	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 dependents, age 60-65 100% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependents.)	50% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependents until age 60. After age 60, 100% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependents. 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 dependents.	50% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependents. After age 60, 75% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependents. 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 dependents.
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 dependents, age 60-65 100% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependents.)	50% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependents until age 60. After age 60, 75% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependents. 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 dependents.	50% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependents. After age 60, 75% of the CalPERS Kaiser Bay Area rate for employee plus two or more dependents. 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 dependents.
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 dependent.		

For the year ended June 30, 2019, the City’s contributions to the Plan were \$7,243,033.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2019:

Active employees	358
Inactives currently receiving benefit payments	304
Inactive entitled to but not yet receiving benefit payments	38
Total	700

B. Net OPEB Liability

Actuarial Methods and Assumptions – The City’s total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation that was rolled forward using standard update procedures to determine the total OPEB liability as of the measurement date based on the following dates, actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2018 Measurement Date
Valuation Date	• June 30, 2018
Actuarial Cost Method	• Entry Age Normal, Level Percentage of Payroll
Contribution Policy	• City contributes full Actuarial Determined Contribution
Discount Rate and Long Term Expected Rate of Return on Assets	• 6.50% at June 30, 2018
	• 6.75% at June 30, 2017
	• Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	• 2.50% per annum
Mortality, Retirement, Disability, Termination	• CalPERS 2017 Experience Study
Mortality Improvement	• Post-retirement mortality projected fully generational with Scale MP-2016
Salary Increases	• Aggregate - 2.75%
	• Merit - CalPERS December 2017 Experience Study
Healthcare Cost Trend	• Non-Medicare - 6.9% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
	• Medicare - 5.6% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
PEMHCA Minimum Increases	• 3.75%
Healthcare participation	• 100% if covered as active, 95% if waived as active

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	59.0%	4.76%
Fixed income	25.0%	2.01%
TIPS	5.0%	1.20%
Commodities	3.0%	2.39%
REITs	8.0%	4.53%
Total	<u>100.0%</u>	

Discount Rate –The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2017, Measurement Date	\$88,430,000	\$29,495,000	\$58,935,000
Changes Recognized for the Measurement Period:			
Service Cost	2,367,970		2,367,970
Interest on the total OPEB liability	5,995,382		5,995,382
Changes in benefit terms			
Differences between expected and actual experience	935,453		935,453
Changes of assumptions	2,496,947		2,496,947
Contributions from the employer		7,391,743	(7,391,743)
Net investment income		2,356,688	(2,356,688)
Other additions		171	(171)
Benefit payments	(3,955,000)	(3,955,000)	
Administrative expenses		(15,947)	15,947
Other deductions		(39,031)	39,031
Net changes	<u>7,840,752</u>	<u>5,738,624</u>	<u>2,102,128</u>
Balance at June 20, 2018, Measurement Date	<u>\$96,270,752</u>	<u>\$35,233,624</u>	<u>\$61,037,128</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

Detailed information about the OPEB plan’s fiduciary net position is available in the separately CalPERS CAFR that may be obtained CalPERS website.

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB 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 discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
(5.5%)	(6.5%)	(7.5%)
\$74,322,511	\$61,037,128	\$50,168,115

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates as discussed above:

Net OPEB Liability/(Asset)		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$49,146,224	\$61,037,128	\$75,725,517

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized negative OPEB expense of (\$482,409). At June 30, 2019, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$7,243,033	
Differences between actual and expected experience	775,819	
Changes of assumptions	2,070,847	
Net differences between projected and actual earnings on plan investments		(\$784,162)
Total	\$10,089,699	(\$784,162)

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 13 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

\$7,243,033 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2020	\$346,444
2021	346,444
2022	347,444
2023	518,442
2024	503,730
Total	\$2,062,504

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.

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 15 – RISK MANAGEMENT (Continued)

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. In addition, the California Joint Powers Risk Management Authority (CJPRMA), Fidelity and Deposit of MD, ACE American Insurance Company, Lloyd's of London, and CSAC-EIA, provide coverage for amounts in excess of YCPARMIA's limits. During the fiscal year ended June 30, 2019, the City contributed \$1,584,942 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 Insurance	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, 2019, 2018, and 2017, the amount of settlement did not exceed insurance coverage.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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:

	2019	2018
Beginning balance	\$14,884	\$16,775
Liability for current fiscal year claims and	130,000	115,000
Decrease in estimated liability for prior year claims	(51,736)	(87,528)
Payments made on current year claims	(23,500)	(24,363)
Payments made on prior year claims	(13,264)	(5,000)
Ending balance	\$56,384	\$14,884
Current Portion	\$56,384	\$14,884

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:

	2019	2018
Beginning balance	\$9,557	\$33,339
Liability for current fiscal year claims	98,000	63,000
Increase (decrease) in estimated liability for prior year claims	(54,815)	(54,380)
Payments made on current year claims	(33,866)	(19,895)
Payments made on prior year claims	(5,725)	(12,507)
Ending balance	\$13,151	\$9,557
Current Portion	\$13,151	\$9,557

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:

	2019	2018
Beginning balance	\$202,176	\$234,839
Increase in estimated liability for prior year claims	30,267	26,408
Payments made on current year claims	(11,420)	
Payments made on prior year claims	(54,642)	(59,071)
Ending balance	\$166,381	\$202,176
Current Portion	\$47,477	\$59,071

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019, the project has been completed and all contributions have been 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) in the amount of \$1,881,117. 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 Water rights have been recorded as part of the City's Capital Assets, as detailed in Note 7. 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, 2019.

	Balance at June 30, 2018	Retirements	Balance at June 30, 2019	Current Portion
2015 Subordinate Refunding Water Revenue Bonds, Series A 3.00% - 5.00%, due 3/1/39	\$18,995,000	\$380,000	\$18,615,000	\$415,000
2015 Second Subordinate Bonds, Series B 4.697%, due 3/1/39	1,843,996	29,757	1,814,239	36,794
Total Business-type Activities Long-Term Debt	<u>\$20,838,996</u>	<u>\$409,757</u>	<u>\$20,429,239</u>	<u>\$451,794</u>

At June 30, 2019 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
2020	\$451,794	\$840,608	\$1,292,402
2021	491,920	826,430	1,318,350
2022	533,772	811,046	1,344,818
2023	577,524	794,290	1,371,814
2024	623,277	776,074	1,399,351
2025-2029	4,091,332	3,353,132	7,444,464
2030-2034	5,780,935	2,449,396	8,230,331
2035-2039	7,878,685	1,208,261	9,086,946
	<u>\$20,429,239</u>	<u>\$11,059,237</u>	<u>\$31,488,476</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, 2019

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. *Long-term Commitments*

The General Fund had \$3,961,322 remaining from capital improvement project contract commitments as of June 30, 2019. These commitments were encumbered and included in the adjusted budget in fiscal year 2019.

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 2019, after the City has ensured that all funds have been received from the State and all obligations have been settled. Fund was closed in fiscal year 2018-19.

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, 2019

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, 2019, 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, 2019

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

D. Notes and Loans

The Successor Agency has loaned a total balance of \$204,269 to housing associations as of June 30, 2019. Loans receivable, including accrued interest, comprised balances from the following programs, all of which are discussed below:

New Harmony Loan	\$186,526
Other Commercial Rehabilitation	
Housing Rehabilitation, and Affordable Housing	17,743
Total Loans Receivable	\$204,269

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 was \$428,970 as of June 30, 2019.

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, 2019:

	Balance at June 30, 2018	Retirements	Balance at June 30, 2019	Current Portion
<i>Tax Allocation Bonds:</i>				
2003 Tax Allocation Refunding Bonds 2.00% - 5.00%, due 9/1/2033	\$7,025,000	\$215,000	\$6,810,000	\$225,000
2007 Tax Allocation Refunding Bonds 4.00% - 4.24%, due 9/1/2030	7,950,000	475,000	7,475,000	495,000
2007 Taxable Housing Refunding Bonds 5.50%, due 9/01/2037	6,890,000	190,000	6,700,000	200,000
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	2,180,000	405,000	1,775,000	435,000
Less Bond Issuance Discounts	(426,572)	32,591	(393,981)	
Total Long-Term Debt	\$36,928,428	\$1,317,591	\$35,676,019	\$1,355,000

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2020	\$1,355,000	\$2,043,679	\$3,398,679
2021	1,435,000	1,965,182	3,400,182
2022	1,520,000	1,881,632	3,401,632
2023	1,605,000	1,794,240	3,399,240
2024	1,700,000	1,705,451	3,405,451
2025-2029	9,945,000	7,025,966	16,970,966
2030-2034	12,515,000	3,855,550	16,370,550
2035-2038	5,995,000	666,645	6,661,645
Less Bond Issuance Discounts	(393,981)		(393,981)
Total	<u>\$35,676,019</u>	<u>\$20,938,345</u>	<u>\$56,614,364</u>

3. Description of the Successor Agency’s Long-Term Debt

2003 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 \$10,167,073 in remaining debt service on this bond issue which is scheduled to occur in 2034. For fiscal year 2018-2019 debt service amounted to \$554,477.

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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

The pledge of future tax increment revenues ends upon repayment of the \$9,502,819 in remaining debt service on this bond issue which is scheduled to occur in 2031. For fiscal year 2018-2019 debt service amounted to \$793,900.

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 \$10,926,914 in remaining debt service on this bond issue which is scheduled to occur in 2038. For fiscal year 2018-2019 debt service amounted to \$572,943.

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 \$26,411,539 in remaining debt service on this bond issue which is scheduled to occur in 2037. For fiscal year 2018-2019 debt service amounted to \$1,480,925.

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 \$57,008,345 on the Bonds above, which is scheduled to occur in 2038. For fiscal year 2018-2019, net tax increment revenues amounted to \$3,602,140 while debt service of the bonds amounted to \$3,402,245.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2019

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, 2019

1. PENSION PLANS (Continued)

Miscellaneous Plan
Agent Multiple-Employer
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	Miscellaneous Plan				
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Total Pension Liability					
Service Cost	\$3,147,626	\$2,785,521	\$2,725,273	\$3,060,195	\$3,197,240
Interest	12,920,680	13,336,226	13,776,661	14,174,637	14,683,109
Differences between expected and actual experience		(2,152,773)	(1,273,504)	(436,564)	1,359,674
Changes in assumptions		(3,206,955)		11,523,152	(1,361,376)
Changes in benefits					
Benefit payments, including refunds of employee contributions	(8,202,831)	(8,744,147)	(9,377,495)	(9,815,233)	(10,565,084)
Net change in total pension liability	7,865,475	2,017,872	5,850,935	18,506,187	7,313,563
Total pension liability - beginning	174,803,327	182,668,802	184,686,674	190,537,609	209,043,796
Total pension liability - ending (a)	<u>\$182,668,802</u>	<u>\$184,686,674</u>	<u>\$190,537,609</u>	<u>\$209,043,796</u>	<u>\$216,357,359</u>
Plan fiduciary net position					
Contributions - employer	\$3,558,115	\$3,936,577	\$4,355,132	\$5,231,459	\$5,636,259
Contributions - employee	1,643,358	1,350,680	1,309,552	1,423,366	1,562,038
Net investment income	19,449,181	2,875,200	686,326	13,939,545	11,549,829
Plan to plan resource movement		(58,660)		43,704	(334)
Administrative expenses		(144,696)	(78,298)	(185,098)	(211,935)
Benefit payments, including refunds of employee contributions	(8,202,831)	(8,744,147)	(9,377,495)	(9,815,233)	(10,565,084)
Other Miscellaneous Income/(Expense)					(402,468)
Net change in plan fiduciary net position	16,447,823	(785,046)	(3,104,783)	10,637,743	7,568,305
Plan fiduciary net position - beginning	112,810,277	129,258,100	128,473,054	125,368,271	136,006,014
Plan fiduciary net position - ending (b)	<u>\$129,258,100</u>	<u>\$128,473,054</u>	<u>\$125,368,271</u>	<u>\$136,006,014</u>	<u>\$143,574,319</u>
Net pension liability - ending (a)-(b)	<u>\$53,410,702</u>	<u>\$56,213,620</u>	<u>\$65,169,338</u>	<u>\$73,037,782</u>	<u>\$72,783,040</u>
Plan fiduciary net position as a percentage of the total pension liability	70.76%	69.56%	65.80%	65.06%	66.36%
Covered payroll	\$16,345,659	\$16,448,436	\$16,260,801	\$17,279,336	\$17,524,711
Net pension liability as percentage of covered payroll	326.76%	341.76%	400.78%	422.69%	415.32%

Notes to Schedule:

Benefit changes. The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016 and 2018, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2019

1. PENSION PLANS (Continued)

Miscellaneous Plan
Agent Multiple-Employer
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30:	Miscellaneous Plan				
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$3,935,948	\$4,354,487	\$6,154,074	\$5,225,289	\$6,432,957
Contributions in relation to the actuarially determined contributions	3,935,948	4,354,487	6,154,074	5,225,289	6,432,957
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$16,448,436	\$16,260,801	\$17,279,336	\$17,524,711	\$19,466,904
Contributions as a percentage of covered payroll	23.93%	26.78%	35.62%	29.82%	33.05%
<i>Notes to Schedule</i>					
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Methods and assumptions used to determine contribution rates:					
Actuarial cost method	Entry age normal				
Amortization method	Level percentage of payroll, closed				
Remaining amortization period	22 years				
Asset valuation method	15-year smoothed market				
Inflation	2.75%				
Salary increases	Varies by Entry Age & Service				
Investment rate of return	7.5%, net of pension plan investment expense, includes inflation				
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011				
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale BB 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, 2019

1. PENSION PLANS (Continued)

Safety Plan
Cost-Sharing Multiple-Employer
Last 10 Years*

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

Measurement Date	Safety Plan				
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Plan's Proportion of the Net Pension Liability (Asset)	0.61%	0.90%	0.87%	0.85%	0.88%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$22,835,706	\$37,270,097	\$44,955,218	\$50,931,008	\$51,822,653
Plan's Covered Payroll (A)	\$9,768,195	\$9,475,749	\$9,243,560	\$8,848,363	\$10,025,155
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	233.78%	393.32%	486.34%	575.60%	516.93%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.42%	70.45%	66.09%	65.20%	66.17%

Notes to Schedule:

(A) Covered payroll is compensation to active employees on which the employer bases contributions to a pension plan.

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

CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2019

1. PENSION PLANS (Continued)

Safety Plan
 Cost-Sharing Multiple Employer
 Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30:	Safety Plan				
	2015	2016	2017	2018	2019
Actuarially determined contribution	\$2,705,123	\$1,504,861	\$1,780,246	\$3,871,021	\$2,776,563
Contributions in relation to the actuarially determined contributions	<u>(2,705,123)</u>	<u>(1,504,861)</u>	<u>(1,780,246)</u>	<u>(3,871,021)</u>	<u>(2,776,563)</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Covered payroll	\$9,475,749	\$9,243,560	\$8,848,363	\$10,025,155	\$10,972,143
Contributions as a percentage of covered payroll	28.55%	16.28%	20.12%	38.61%	25.31%
Notes to Schedule					
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017

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

CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2019

2. OTHER POST RETIREMENT BENEFIT PLAN

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
 Retiree Healthcare OPEB Plan - Agent Multiple Employer
 Last 10 fiscal years*

Measurement Date	6/30/17	6/30/18
Total OPEB Liability		
Service Cost	\$2,299,000	\$2,367,970
Interest	5,714,000	5,995,382
Changes in benefit terms		
Differences between expected and actual experience		935,453
Changes of assumptions	(3,872,000)	2,496,947
Benefit payments		(3,955,000)
Net change in total OPEB liability	4,141,000	7,840,752
Total OPEB liability - beginning	84,289,000	88,430,000
Total OPEB liability - ending (a)	\$88,430,000	\$96,270,752
 Plan fiduciary net position		
Contributions - employer	\$10,146,000	\$7,391,743
Contributions - employee		
Net investment income	2,472,000	2,356,688
Other additions		171
Administrative expense	(22,000)	(15,947)
Benefit payments	(3,872,000)	(3,955,000)
Other deductions		(39,031)
Net change in plan fiduciary net position	8,724,000	5,738,624
Plan fiduciary net position - beginning	20,771,000	29,495,000
Plan fiduciary net position - ending (b)	\$29,495,000	\$35,233,624
 Net OPEB liability - ending (a)-(b)	 \$58,935,000	 \$61,037,128
 Plan fiduciary net position as a percentage of the total OPEB liability	 33.35%	 36.60%
 Covered payroll	 \$26,577,699	 \$27,549,867
 Net OPEB liability as a percentage of covered payroll	 221.75%	 221.55%

* Fiscal year 2018 was the first year of implementation.

CITY OF DAVIS
Required Supplemental Information
For the year ended June 30, 2019

2. OTHER POST RETIREMENT BENEFIT PLAN (Continued)

SCHEDULE OF CONTRIBUTIONS
Retiree Healthcare OPEB Plan - Agent Multiple Employer
Last 10 fiscal years*

Fiscal Year Ended June 30,	2018	2019
Actuarially determined contribution	\$6,125,000	\$6,310,000
Contributions in relation to the actuarially determined contribution	7,408,000	7,243,033
Contribution deficiency (excess)	(\$1,283,000)	(\$933,033)
Covered payroll	\$27,549,867	\$32,754,164
Contributions as a percentage of covered payroll	26.89%	22.11%

* Fiscal year 2018 was the first year of implementation.

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Straight-line amortization over a closed 5-year period
Amortization Period	18-year fixed period for 2018/19
Asset Valuation Method	Investment gains and losses spread over 5-year closed period
Discount Rate	6.50%
General Inflation	2.50%
Medical Trend	<ul style="list-style-type: none"> • Non-Medicare - 6.9% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years • Medicare - 5.6% for 2018, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality, Retirement, Disability, Termination	<ul style="list-style-type: none"> • CalPERS December 2017 Experience Study
Mortality Improvement	<ul style="list-style-type: none"> • Based on assumptions for Public Agency Miscellaneous, Police and Fire members published in the December 2017 CalPERS Experience Study. These tables include 15 years of static mortality improvement using 90% of scale MP-2016.

CITY OF DAVIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$47,292,931	\$48,773,327	\$50,412,186	\$1,638,859
Fines and forfeitures	475,000	475,000	331,642	(143,358)
Use of money and property	1,185,979	1,313,402	1,928,056	614,654
Intergovernmental	142,632	63,604	573,060	509,456
Charges for current services	9,742,630	9,133,491	10,070,051	936,560
Development fees				
Administrative fee - other funds	2,038,686	2,038,686	2,038,686	
Other	2,055,888	2,190,542	2,938,206	747,664
	<u>62,933,746</u>	<u>63,988,052</u>	<u>68,291,887</u>	<u>4,303,835</u>
EXPENDITURES:				
Current:				
City Council	248,585	248,585	186,873	61,712
City Attorney	362,967	147,509	164,759	(17,250)
City Manager	3,437,781	3,668,515	3,433,167	235,348
Administrative services	3,202,258	3,313,711	3,157,123	156,588
Community development	5,299,611	6,657,005	6,348,649	308,356
Parks and community services	11,838,531	11,837,740	11,238,989	598,751
Public safety - fire	10,585,292	10,665,467	10,789,119	(123,652)
Public safety - police	19,369,755	19,445,319	18,786,112	659,207
Public works	5,011,261	6,767,280	6,266,842	500,438
Debt Service:				
Principal			188,462	(188,462)
Interest			25,559	(25,559)
Capital outlay	23,096,120	8,468,770	8,350,200	118,570
	<u>82,452,161</u>	<u>71,219,901</u>	<u>68,935,854</u>	<u>2,284,047</u>
OTHER FINANCING SOURCES (USES)				
Issuance of long-term debt				
Net Change in Fund Balance	<u>(\$19,518,415)</u>	<u>(\$7,231,849)</u>	(643,967)	<u>\$2,019,788</u>
Beginning fund balance			<u>25,884,915</u>	
Ending fund balance			<u>\$25,240,948</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$49,200	\$52,730	\$53,462	\$732
Intergovernmental	366,282	529,984	228,400	(301,584)
Charges for services	668,656	554,232	156,404	(397,828)
Other	3,530	114,424	1,747	(112,677)
Total Revenues	<u>1,087,668</u>	<u>1,251,370</u>	<u>440,013</u>	<u>(811,357)</u>
EXPENDITURES:				
Current:				
Special projects	<u>814,317</u>	<u>814,376</u>	<u>298,542</u>	<u>515,834</u>
Total Expenditures	<u>814,317</u>	<u>814,376</u>	<u>298,542</u>	<u>515,834</u>
Net Change in Fund Balance	<u>\$273,351</u>	<u>\$436,994</u>	141,471	<u>(\$295,523)</u>
Beginning fund balance			<u>33,125,672</u>	
Ending fund balance			<u>\$33,267,143</u>	

CITY OF DAVIS
 OPEN SPACE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$673,496	\$673,496	\$671,714	(\$1,782)
Intergovernmental	32,600	32,600	147,493	114,893
Total Revenues	<u>706,096</u>	<u>706,096</u>	<u>819,207</u>	<u>113,111</u>
EXPENDITURES:				
Current:				
Parks and community services	209,867	243,221	230,041	13,180
Total Expenditures	<u>209,867</u>	<u>330,059</u>	<u>279,640</u>	<u>50,419</u>
Net Changes in Fund Balance	<u>\$496,229</u>	<u>\$376,037</u>	539,567	<u>\$163,530</u>
Beginning fund balance			<u>5,386,972</u>	
Ending fund balance			<u>\$5,926,539</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, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$125,060	\$125,060	\$621,353	\$496,293
Development fees	2,065,000	2,065,000	2,776,311	711,311
Other			12,049	12,049
Total Revenues	<u>2,190,060</u>	<u>2,190,060</u>	<u>3,409,713</u>	<u>1,219,653</u>
EXPENDITURES				
Capital outlay	<u>2,794,404</u>	<u>5,675,413</u>	<u>4,510,977</u>	<u>1,164,436</u>
Total Expenditures	<u>2,794,404</u>	<u>5,675,413</u>	<u>4,510,977</u>	<u>1,164,436</u>
Net Change in Fund Balance	<u>(604,344)</u>	<u>(\$3,485,353)</u>	(1,101,264)	<u>\$55,217</u>
BEGINNING FUND BALANCE			<u>23,135,463</u>	
ENDING FUND BALANCE			<u>\$22,034,199</u>	

CITY OF DAVIS
Notes to Required Supplemental Information
For the year ended June 30, 2019

1. BUDGETS AND BUDGETARY ACCOUNTING

The City, by resolution, adopts annually the operating, debt service and capital improvement budgets for all governmental funds. The City Manager submits to the City Council a proposed bi-annual operating budget for the next two fiscal years commencing the following July 1. 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, 2019. 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 Public Safety, Parking, and Operations Grants Special Revenue Funds exceeded the appropriations by \$37,219, \$8,580 and \$166,340, respectively for the year ended June 30, 2019.

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, 2017, 2017.5 and The Road Repair and Accountability Act of 2017 (SB1).

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. This fund was closed in the current fiscal year.

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.

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.

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CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	SPECIAL REVENUE FUNDS			
	Gas Tax	TDA Non-Transit Use	Park Maintenance Tax	Cable TV
ASSETS				
Cash and investments	\$933,765	\$267,185		\$1,160,199
Accrued interest	6,588	1,249		5,590
Receivables:				
General accounts			\$70,563	122,248
Grants	224,856			26,380
Utility accounts				
Loans				
Total Assets	\$1,165,209	\$268,434	\$70,563	\$1,314,417
LIABILITIES				
Accounts payable	\$7,670			\$21,283
Wages payable	6,941			8,287
Unearned revenue				
Due to other funds			\$70,564	
Total Liabilities	14,611		70,564	29,570
FUND BALANCES				
Fund balances:				
Restricted	1,150,598	\$268,434		
Committed				1,284,847
Unassigned			(1)	
Total Fund Balances	1,150,598	268,434	(1)	1,284,847
Total Liabilities and Fund Balances	\$1,165,209	\$268,434	\$70,563	\$1,314,417

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
\$378	\$817,488 505		\$691,991 2,702	\$480,437 1,880	\$110,465 505	
92,530						
259,081						
<u>\$351,989</u>	<u>\$817,993</u>		<u>\$694,693</u>	<u>\$482,317</u>	<u>\$110,970</u>	
\$227,395 189,673					\$42 813	\$32,455
417,068						1,272,318
					855	1,304,773
(65,079)	\$817,993		\$694,693	\$482,317	110,115	(1,304,773)
(65,079)	817,993		694,693	482,317	110,115	(1,304,773)
<u>\$351,989</u>	<u>\$817,993</u>		<u>\$694,693</u>	<u>\$482,317</u>	<u>\$110,970</u>	

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	SPECIAL REVENUE FUNDS			
	Community Development Block Grant	Operational Grants	Agriculture Land Acquisition	Davisville Book
ASSETS				
Cash and investments	\$140,365	\$152,498	\$269,752	\$2,130
Accrued interest	701	1,238	1,065	8
Receivables:				
General accounts				
Grants	50,089	50,029		
Utility accounts				
Loans	1,755,324			
	<u>\$1,946,479</u>	<u>\$203,765</u>	<u>\$270,817</u>	<u>\$2,138</u>
Total Assets				
LIABILITIES				
Accounts payable	\$65,607	\$82,781		
Wages payable	854	1,672		
Unearned revenue				
Due to other funds				
	<u>66,461</u>	<u>84,453</u>		
Total Liabilities				
FUND BALANCES				
Fund balances:				
Restricted	1,880,018	119,312		
Committed			\$270,817	\$2,138
Unassigned				
	<u>1,880,018</u>	<u>119,312</u>	<u>270,817</u>	<u>2,138</u>
Total Fund Balances				
Total Liabilities and Fund Balances	<u>\$1,946,479</u>	<u>\$203,765</u>	<u>\$270,817</u>	<u>\$2,138</u>

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS				
Historical Fund	Brinley/Hattie Weber	Davis Research Park	Arlington Boulevard Benefit Area	Capital Grants	Davis Land Acquisition	Public Facilities Financing Authority
\$10	\$4,196 16	\$824,039 3,224	\$394,026 1,542	\$360,432 1,349	\$1,561,995 6,116	\$227,996 892
<u>\$10</u>	<u>\$4,212</u>	<u>\$827,263</u>	<u>\$395,568</u>	<u>\$361,781</u>	<u>\$1,568,111</u>	<u>\$228,888</u>
				\$302		
				302		
\$10	\$4,212	\$827,263	\$395,568	361,479	\$1,568,111	\$228,888
<u>10</u>	<u>4,212</u>	<u>827,263</u>	<u>395,568</u>	<u>361,479</u>	<u>1,568,111</u>	<u>228,888</u>
<u>\$10</u>	<u>\$4,212</u>	<u>\$827,263</u>	<u>\$395,568</u>	<u>\$361,781</u>	<u>\$1,568,111</u>	<u>\$228,888</u>

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2019

	<u>CAPITAL PROJECTS FUND</u>	
	<u>Oxford Circle Park and Parking Lot</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS		
Cash and investments	\$36,771	\$8,435,740
Accrued interest	144	35,692
Receivables:		
General accounts		285,341
Grants		351,354
Utility accounts		259,081
Loans		1,755,324
	<u> </u>	<u> </u>
Total Assets	<u><u>\$36,915</u></u>	<u><u>\$11,122,532</u></u>
LIABILITIES		
Accounts payable		\$209,838
Wages payable		18,869
Unearned revenue		227,395
Due to other funds		1,532,555
	<u> </u>	<u> </u>
Total Liabilities	<u> </u>	<u>1,988,657</u>
FUND EQUITY		
Fund balances:		
Restricted	\$36,915	6,836,586
Committed		3,667,142
Unassigned		(1,369,853)
	<u> </u>	<u> </u>
Total Fund Balances	<u>36,915</u>	<u>9,133,875</u>
Total Liabilities and Fund Balances	<u><u>\$36,915</u></u>	<u><u>\$11,122,532</u></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, 2019

	SPECIAL REVENUE FUNDS			
	Gas Tax	TDA Non-Transit Use	Park Maintenance Tax	Cable TV
REVENUES				
Taxes			\$1,412,583	\$601,982
Use of money and property	\$39,318	\$3,413		36,718
Intergovernmental	2,667,115	298,326		99,890
Charges for current services				
Development fees				
Total Revenues	<u>2,706,433</u>	<u>301,739</u>	<u>1,412,583</u>	<u>738,590</u>
EXPENDITURES				
Current:				
City Manager				35,175
Administrative service				681,010
Community development				
Parks and community services			1,403,413	35,637
Public safety - fire				
Public safety - police				
Public works	2,282,510	56,774		
Special projects				
Capital outlay	<u>37,502</u>			<u>24,849</u>
Total Expenditures	<u>2,320,012</u>	<u>56,774</u>	<u>1,403,413</u>	<u>776,671</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>386,421</u>	<u>244,965</u>	<u>9,170</u>	<u>(38,081)</u>
Net Change in Fund Balance	386,421	244,965	9,170	(38,081)
BEGINNING FUND BALANCES	<u>764,177</u>	<u>23,469</u>	<u>(9,171)</u>	<u>1,322,928</u>
ENDING FUND BALANCES	<u>\$1,150,598</u>	<u>\$268,434</u>	<u>(\$1)</u>	<u>\$1,284,847</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 Grants
\$544,084						
4,132	\$2,994		\$19,033	\$12,681	\$86,514	\$1,271
155,783						5,248,723
2,706,385	698,376		168,912			
<u>3,410,384</u>	<u>701,370</u>		<u>187,945</u>	<u>12,681</u>	<u>86,514</u>	<u>5,249,994</u>
49,926	143	\$355,992			14,637	
1,685,744					45,678	
1,651,647						
<u>137,289</u>			<u>306,739</u>		<u>60,871</u>	<u>4,908,801</u>
<u>3,524,606</u>	<u>143</u>	<u>355,992</u>	<u>306,739</u>		<u>121,186</u>	<u>4,908,801</u>
<u>(114,222)</u>	<u>701,227</u>	<u>(355,992)</u>	<u>(118,794)</u>	<u>12,681</u>	<u>(34,672)</u>	<u>341,193</u>
(114,222)	701,227	(355,992)	(118,794)	12,681	(34,672)	341,193
<u>49,143</u>	<u>116,766</u>	<u>355,992</u>	<u>813,487</u>	<u>469,636</u>	<u>144,787</u>	<u>(1,645,966)</u>
<u>(\$65,079)</u>	<u>\$817,993</u>		<u>\$694,693</u>	<u>\$482,317</u>	<u>\$110,115</u>	<u>(\$1,304,773)</u>

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	SPECIAL REVENUE FUNDS			
	Community Development Block Grant	Operational Grants	Agriculture Land Acquisition	Davisville Book
REVENUES				
Taxes				
Use of money and property	\$4,774	\$9,728	\$8,191	\$56
Intergovernmental	261,881	443,680		
Charges for current services				
Development fees				
	<u>266,655</u>	<u>453,408</u>	<u>8,191</u>	<u>56</u>
Total Revenues				
EXPENDITURES				
Current:				
City Manager				
Administrative service				
Community development			104,046	
Parks and community services				
Public safety - fire				
Public safety - police				
Public works				
Special projects	280,584	679,449		
Capital outlay	159,286			
	<u>439,870</u>	<u>679,449</u>	<u>104,046</u>	
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(173,215)</u>	<u>(226,041)</u>	<u>(95,855)</u>	<u>56</u>
Net Change in Fund Balance	(173,215)	(226,041)	(95,855)	56
BEGINNING FUND BALANCES	<u>2,053,233</u>	<u>345,353</u>	<u>366,672</u>	<u>2,082</u>
ENDING FUND BALANCES	<u>\$1,880,018</u>	<u>\$119,312</u>	<u>\$270,817</u>	<u>\$2,138</u>

SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS				
Historical	Brinley/Hattie Weber	Davis Research Park	Arlington Boulevard Benefit Area	Capital Grants	Davis Land Acquisition	Public Facilities Financing Authority
	\$109	\$21,750	\$10,400	\$7,145 109,959	\$41,523	\$6,017
	109	21,750	10,400	117,104	41,523	6,017
				7,632	56,254	
				7,632	56,254	
	109	21,750	10,400	109,472	(14,731)	6,017
	109	21,750	10,400	109,472	(14,731)	6,017
\$10	4,103	805,513	385,168	252,007	1,582,842	222,871
\$10	\$4,212	\$827,263	\$395,568	\$361,479	\$1,568,111	\$228,888

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>CAPITAL PROJECTS FUND</u>	
	<u>Oxford Circle Park and Parking Lot</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES		
Taxes		\$2,558,649
Use of money and property	\$1,006	316,773
Intergovernmental		9,285,357
Charges for current services		2,706,385
Development fees		867,288
Total Revenues	1,006	15,734,452
EXPENDITURES		
Current:		
City Manager		35,175
Administrative service		745,573
Community development		149,867
Parks and community services		1,795,042
Public safety - fire		1,685,744
Public safety - police		1,651,647
Public works		2,339,284
Special projects		960,033
Capital outlay		5,699,223
Total Expenditures		15,061,588
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,006	672,864
Net Change in Fund Balance	1,006	672,864
BEGINNING FUND BALANCES	35,909	8,461,011
ENDING FUND BALANCES	\$36,915	\$9,133,875

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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, 2019

	GAS TAX			TDA NON-TRANSIT USE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$4,150	\$39,318	\$35,168		\$3,413	\$3,413
Intergovernmental	2,883,002	2,667,115	(215,887)	\$359,211	298,326	(60,885)
Charges for current services						
Development fees						
Other						
Total Revenues	<u>2,887,152</u>	<u>2,706,433</u>	<u>(180,719)</u>	<u>359,211</u>	<u>301,739</u>	<u>(57,472)</u>
EXPENDITURES						
Current:						
City Manager						
Administrative services						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works	3,108,885	2,282,510	826,375	56,774	56,774	
Special projects						
Capital outlay	<u>38,523</u>	<u>37,502</u>	<u>1,021</u>			
Total Expenditures	<u>3,147,408</u>	<u>2,320,012</u>	<u>827,396</u>	<u>56,774</u>	<u>56,774</u>	
Net Change in Fund Balance	<u>(\$260,256)</u>	386,421	<u>\$646,677</u>	<u>\$302,437</u>	244,965	<u>(\$57,472)</u>
BEGINNING FUND BALANCE		<u>764,177</u>			<u>23,469</u>	
ENDING FUND BALANCE		<u>\$1,150,598</u>			<u>\$268,434</u>	

PARK MAINTENANCE TAX			CABLE TV			PUBLIC SAFETY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,414,700	\$1,412,583	(\$2,117)	\$550,000	\$601,982	\$51,982	\$510,000	\$544,084	\$34,084
700		(700)	10,650	36,718	26,068	4,000	4,132	132
			110,000	99,890	(10,110)	140,000	155,783	15,783
						2,767,056	2,706,385	(60,671)
			23,266		(23,266)			
<u>1,415,400</u>	<u>1,412,583</u>	<u>(2,817)</u>	<u>693,916</u>	<u>738,590</u>	<u>44,674</u>	<u>3,421,056</u>	<u>3,410,384</u>	<u>(10,672)</u>
			63,271	35,175	28,096			
			967,240	681,010	286,230	57,181	49,926	7,255
1,527,141	1,403,413	123,728	35,636	35,637	(1)	1,605,103	1,685,744	(80,641)
						1,695,103	1,651,647	43,456
			1,600	24,849	(23,249)	130,000	137,289	(7,289)
<u>1,527,141</u>	<u>1,403,413</u>	<u>123,728</u>	<u>1,067,747</u>	<u>776,671</u>	<u>291,076</u>	<u>3,487,387</u>	<u>3,524,606</u>	<u>(37,219)</u>
<u>(\$111,741)</u>	9,170	<u>\$120,911</u>	<u>(\$373,831)</u>	(38,081)	<u>\$335,750</u>	<u>(\$66,331)</u>	(114,222)	<u>(\$47,891)</u>
	(9,171)			1,322,928			49,143	
	<u>(\$1)</u>			<u>\$1,284,847</u>			<u>(\$65,079)</u>	

(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, 2019

	MUNICIPAL ARTS			CHILD CARE GRANT		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$500	\$2,994	\$2,494			
Intergovernmental						
Charges for current services						
Development fees	10,000	698,376	688,376			
Other						
Total Revenues	10,500	701,370	690,870			
EXPENDITURES						
Current:						
City Manager						
Administrative services	20,029	143	19,886			
Community development				\$399,471	\$355,992	\$43,479
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital outlay						
Total Expenditures	20,029	143	19,886	399,471	355,992	43,479
Net Change in Fund Balance	(\$9,529)	701,227	\$710,756	(\$399,471)	(355,992)	\$43,479
BEGINNING FUND BALANCE		116,766			355,992	
ENDING FUND BALANCE		\$817,993				

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)
\$5,980	\$19,033	\$13,053	\$3,350	\$12,681	\$9,331	\$100,384	\$86,514	(\$13,870)
	168,912	168,912						
<u>5,980</u>	<u>187,945</u>	<u>181,965</u>	<u>3,350</u>	<u>12,681</u>	<u>9,331</u>	<u>100,384</u>	<u>86,514</u>	<u>(13,870)</u>
						32,108	14,637	17,471
						49,781	45,678	4,103
<u>352,833</u>	<u>306,739</u>	<u>46,094</u>				<u>30,717</u>	<u>60,871</u>	<u>(30,154)</u>
<u>352,833</u>	<u>306,739</u>	<u>46,094</u>				<u>112,606</u>	<u>121,186</u>	<u>(8,580)</u>
<u>(\$346,853)</u>	<u>(118,794)</u>	<u>\$228,059</u>	<u>\$3,350</u>	<u>12,681</u>	<u>\$9,331</u>	<u>(\$12,222)</u>	<u>(34,672)</u>	<u>(\$22,450)</u>
	<u>813,487</u>			<u>469,636</u>			<u>144,787</u>	
	<u>\$694,693</u>			<u>\$482,317</u>			<u>\$110,115</u>	

(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, 2019

	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	\$2,840	\$1,271	(\$1,569)	\$100	\$4,774	\$4,674
Intergovernmental	5,313,411	5,248,723	(64,688)	1,231,861	261,881	(969,980)
Charges for current services						
Development fees						
Other						
Total Revenues	<u>5,316,251</u>	<u>5,249,994</u>	<u>(66,257)</u>	<u>1,231,961</u>	<u>266,655</u>	<u>(965,306)</u>
EXPENDITURES						
Current:						
City Manager						
Administrative services						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects				444,745	280,584	164,161
Capital outlay	5,742,401	4,908,801	833,600	308,413	159,286	149,127
Total Expenditures	<u>5,742,401</u>	<u>4,908,801</u>	<u>833,600</u>	<u>753,158</u>	<u>439,870</u>	<u>313,288</u>
Net Change in Fund Balance	<u>(\$426,150)</u>	341,193	<u>\$767,343</u>	<u>\$478,803</u>	(173,215)	<u>(\$652,018)</u>
BEGINNING FUND BALANCE		<u>(1,645,966)</u>			<u>2,053,233</u>	
ENDING FUND BALANCE		<u>(\$1,304,773)</u>			<u>\$1,880,018</u>	

OPERATIONAL GRANTS			AGRICULTURE LAND ACQUISITION			DAVISVILLE BOOK		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$2,200	\$9,728	\$7,528	\$2,950	\$8,191	\$5,241	\$15	\$56	\$41
637,825	443,680	(194,145)						
<u>640,025</u>	<u>453,408</u>	<u>(186,617)</u>	<u>2,950</u>	<u>8,191</u>	<u>5,241</u>	<u>15</u>	<u>56</u>	<u>41</u>
			114,389	104,046	10,343			
513,109	679,449	(166,340)						
<u>513,109</u>	<u>679,449</u>	<u>(166,340)</u>	<u>114,389</u>	<u>104,046</u>	<u>10,343</u>			
<u>\$126,916</u>	<u>(226,041)</u>	<u>(\$352,957)</u>	<u>(\$111,439)</u>	<u>(95,855)</u>	<u>\$15,584</u>	<u>\$15</u>	<u>56</u>	<u>\$41</u>
	<u>345,353</u>			<u>366,672</u>			<u>2,082</u>	
	<u>\$119,312</u>			<u>\$270,817</u>			<u>\$2,138</u>	

(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, 2019

	HISTORICAL			BRINLEY/HATTIE WEBER		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property				\$28	\$109	\$81
Intergovernmental						
Charges for current services						
Development fees						
Other						
Total Revenues				28	109	81
EXPENDITURES						
Current:						
City Manager						
Administrative services						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital outlay						
Total Expenditures						
Net Change in Fund Balance				\$28	109	\$81
BEGINNING FUND BALANCE		\$10			4,103	
ENDING FUND BALANCE		\$10			\$4,212	

DAVIS RESEARCH PARK			ARLINGTON BOULEVARD BENEFIT AREA			CAPITAL GRANTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$5,760	\$21,750	\$15,990	\$2,750	\$10,400	\$7,650	\$1,500	\$7,145	\$5,645
						540,238	109,959	(430,279)
<u>5,760</u>	<u>21,750</u>	<u>15,990</u>	<u>2,750</u>	<u>10,400</u>	<u>7,650</u>	<u>541,738</u>	<u>117,104</u>	<u>(424,634)</u>
						14,686	7,632	7,054
						14,686	7,632	7,054
<u>\$5,760</u>	<u>21,750</u>	<u>\$15,990</u>	<u>\$2,750</u>	<u>10,400</u>	<u>\$7,650</u>	<u>\$527,052</u>	<u>109,472</u>	<u>(\$417,580)</u>
	<u>805,513</u>			<u>385,168</u>			<u>252,007</u>	
	<u>\$827,263</u>			<u>\$395,568</u>			<u>\$361,479</u>	

(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, 2019

	DAVIS LAND ACQUISITION			PUBLIC FACILITIES FINANCING AUTHORITY		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Use of money and property	\$11,400	\$41,523	\$30,123	\$1,590	\$6,017	\$4,427
Intergovernmental						
Charges for current services						
Development fees						
Other						
	<u>11,400</u>	<u>41,523</u>	<u>30,123</u>	<u>1,590</u>	<u>6,017</u>	<u>4,427</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	<u>59,635</u>	<u>56,254</u>	<u>3,381</u>			
	<u>59,635</u>	<u>56,254</u>	<u>3,381</u>			
Net Change in Fund Balance	<u>(\$48,235)</u>	<u>(14,731)</u>	<u>\$33,504</u>	<u>\$1,590</u>	<u>6,017</u>	<u>\$4,427</u>
BEGINNING FUND BALANCE		<u>1,582,842</u>			<u>222,871</u>	
ENDING FUND BALANCE		<u>\$1,568,111</u>			<u>\$228,888</u>	

OXFORD CIRCLE
PARK AND PARKING LOT

<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$360	\$1,006	\$646
<u>360</u>	<u>1,006</u>	<u>646</u>

<u>31,913</u>	<u> </u>	<u>31,913</u>
<u>31,913</u>	<u> </u>	<u>31,913</u>
<u>(\$31,553)</u>	<u>1,006</u>	<u>\$32,559</u>
	<u>35,909</u>	
	<u>\$36,915</u>	

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INTERNAL SERVICE FUNDS

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

General Services Fund – This fund accounts for the financial 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, 2019

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
ASSETS					
Current Assets:					
Cash and investments	\$24,975,511	\$732,489	\$1,020,030		\$26,728,030
Accrued interest	98,005	3,000	6,066		107,071
Accounts receivable	26,281		24,171		50,452
Inventory	261,222				261,222
Prepaid				\$1,086,378	1,086,378
Noncurrent Assets:					
Advances to other funds	215,263				215,263
Capital assets:					
Non-depreciable	505,083				505,083
Depreciable	14,712,318	237,538			14,949,856
Accumulated depreciation	(9,456,553)	(28,900)			(9,485,453)
Total Assets	31,337,130	944,127	1,050,267	1,086,378	34,417,902
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	1,586,298	395,773	1,320,851		3,302,922
Deferred outflows related to OPEB	440,576	110,012	485,783		1,036,371
Total Deferred Outflows of Resources	2,026,874	505,785	1,806,634		4,339,293
LIABILITIES					
Payables:					
Accounts	265,729	104,779	28,018	239,790	638,316
Wages	84,049	17,292	19,779		121,120
Leave benefits	154,514	22,883		121,383	298,780
Unearned revenue					
Due to other funds				2,453,603	2,453,603
Net pension liability	4,419,520	1,024,703	1,237,142		6,681,365
Net OPEB liability	2,667,052	691,895	3,722,548		7,081,495
Claims payable:					
Due within one year			117,012		117,012
Due in more than one year			118,904		118,904
Total Liabilities	7,590,864	1,861,552	5,243,403	2,814,776	17,510,595
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	227,882	60,406	34,602		322,890
Deferred inflows related to OPEB	34,255	8,758	43,930		86,943
Total Deferred Inflows of Resources	262,137	69,164	78,532		409,833
NET POSITION					
Net investment in capital assets	5,760,848	208,638			5,969,486
Unrestricted	19,750,155	(689,442)	(2,465,034)	(1,728,398)	14,867,281
Total Net Position	\$25,511,003	(\$480,804)	(\$2,465,034)	(\$1,728,398)	\$20,836,767

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	<u>General Services</u>	<u>Building Maintenance</u>	<u>City Self- Insurance</u>	<u>Employee Benefits</u>	<u>Total</u>
OPERATING REVENUES					
Charges for current services	<u>\$7,788,523</u>	<u>\$1,816,740</u>	<u>\$14,448,191</u>	<u>\$3,261,254</u>	<u>\$27,314,708</u>
Total Operating Revenues	<u>7,788,523</u>	<u>1,816,740</u>	<u>14,448,191</u>	<u>3,261,254</u>	<u>27,314,708</u>
OPERATING EXPENSES					
Central stores	319,385				319,385
Central equipment	2,533,926				2,533,926
Duplication - postal	10,696				10,696
City administrative facility maintenance	300,847	1,784,278			2,085,125
Insurance administration			583,817		583,817
Insurance premiums and claims payments			14,020,386		14,020,386
Litigation			3,310		3,310
MIS services	2,800,706				2,800,706
Leave benefits paid				3,176,893	3,176,893
OPEB expense	(21,020)	(4,598)	(3,565)		(29,183)
Depreciation	<u>819,091</u>	<u>4,751</u>			<u>823,842</u>
Total Operating Expenses	<u>6,763,631</u>	<u>1,784,431</u>	<u>14,603,948</u>	<u>3,176,893</u>	<u>26,328,903</u>
Operating Income (Loss)	<u>1,024,892</u>	<u>32,309</u>	<u>(155,757)</u>	<u>84,361</u>	<u>985,805</u>
NONOPERATING REVENUES					
Interest income	659,450	19,366	40,483		719,299
Other	<u>377,100</u>				<u>377,100</u>
Total Nonoperating Revenues	<u>1,036,550</u>	<u>19,366</u>	<u>40,483</u>		<u>1,096,399</u>
Income (Loss) before transfers	<u>2,061,442</u>	<u>51,675</u>	<u>(115,274)</u>	<u>84,361</u>	<u>2,082,204</u>
Change in Net Assets	2,061,442	51,675	(115,274)	84,361	2,082,204
BEGINNING NET POSITION (DEFICIT)	<u>23,449,561</u>	<u>(532,479)</u>	<u>(2,349,760)</u>	<u>(1,812,759)</u>	<u>18,754,563</u>
ENDING NET POSITION (DEFICIT)	<u><u>\$25,511,003</u></u>	<u><u>(\$480,804)</u></u>	<u><u>(\$2,465,034)</u></u>	<u><u>(\$1,728,398)</u></u>	<u><u>\$20,836,767</u></u>

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2019

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	\$8,148,852	\$1,855,445	\$14,638,745	\$3,261,254	\$27,904,296
Payments to suppliers	(5,609,344)		(14,553,593)		(20,162,937)
Payments to employees	(65,419)	(1,748,109)		(3,561,718)	(5,375,246)
Claims paid and claims adjustments			5,989		5,989
Cash Flows from Operating Activities	<u>2,474,089</u>	<u>107,336</u>	<u>91,141</u>	<u>(300,464)</u>	<u>2,372,102</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts	61,316				61,316
Interfund (payments)				300,464	300,464
Cash Flows from Noncapital Financing Activities	<u>61,316</u>			<u>300,464</u>	<u>361,780</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Sales (Acquisitions) of capital assets, net	(1,279,622)	17,839			(1,261,783)
Cash Flows from Capital and Related Financing Activities	<u>(1,279,622)</u>	<u>17,839</u>			<u>(1,261,783)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	644,443	18,960	34,417		697,820
Cash Flows from Investing Activities	<u>644,443</u>	<u>18,960</u>	<u>34,417</u>		<u>697,820</u>
Net Cash Flows	1,900,226	144,135	125,558		2,169,919
Cash and investments at beginning of period	<u>23,075,285</u>	<u>588,354</u>	<u>894,472</u>		<u>24,558,111</u>
Cash and investments at end of period	<u>\$24,975,511</u>	<u>\$732,489</u>	<u>\$1,020,030</u>		<u>\$26,728,030</u>
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$1,024,892	\$32,309	(\$155,757)	\$84,361	\$985,805
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	819,091	4,751			823,842
Other revenues	377,100				377,100
Change in assets and liabilities:					
General accounts receivable	(16,771)		201,092		184,321
Prepaid expenses				(494,863)	(494,863)
Inventory	34,371				34,371
Prepays					
Accounts payable	20,998	38,705	16,729	239,790	316,222
Wages payable	10,075	3,861	5,454	(141,478)	(122,088)
Leave benefits payable	26,366	(6,987)		11,726	31,105
Unearned revenue			(10,538)		(10,538)
Claims payable			9,299		9,299
Due to retirement system	198,987	39,295	28,427		266,709
Net OPEB liability, and related deferred outflows and deferred inflows	<u>(21,020)</u>	<u>(4,598)</u>	<u>(3,565)</u>		<u>(29,183)</u>
Cash Flows from Operating Activities	<u>\$2,474,089</u>	<u>\$107,336</u>	<u>\$91,141</u>	<u>(\$300,464)</u>	<u>\$2,372,102</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, 2019

	Balance at June 30, 2018	Additions	Deductions	Balance at June 30, 2019
<u>Public Facilities Financing Authority</u>				
Assets:				
Cash and investments	\$4,132,200		\$200,195	\$3,932,005
Cash and investments with fiscal agents	952,160	\$293,200		1,245,360
Accrued interest receivable	13,652	805		14,457
Accounts receivable	49,026		140	48,886
Total Assets	<u>\$5,147,038</u>	<u>\$294,005</u>	<u>\$200,335</u>	<u>\$5,240,708</u>
Liabilities:				
Accounts payable				
Due to bondholders	<u>\$5,147,038</u>	<u>\$294,005</u>	<u>\$200,335</u>	<u>\$5,240,708</u>
Total Liabilities	<u>\$5,147,038</u>	<u>\$294,005</u>	<u>\$200,335</u>	<u>\$5,240,708</u>
<u>Mello Roos Community Facilities District</u>				
Assets:				
Cash and investments	\$1,425,404	\$22,045		\$1,447,449
Cash and investments with fiscal agents	76,493	1,442		77,935
Accrued interest receivable	3,609	4,093	\$3,609	4,093
Accounts receivable	70,147		2,291	67,856
Total Assets	<u>\$1,575,653</u>	<u>\$27,580</u>	<u>\$5,900</u>	<u>\$1,597,333</u>
Liabilities:				
Deposits payable	\$50,000			\$50,000
Due to bondholders	<u>1,525,653</u>	<u>\$27,580</u>	<u>\$5,900</u>	<u>1,547,333</u>
Total Liabilities	<u>\$1,575,653</u>	<u>\$27,580</u>	<u>\$5,900</u>	<u>\$1,597,333</u>
<u>University Research Park</u>				
Assets:				
Cash and investments	\$243,048		\$186,841	\$56,207
Accrued interest receivable	863	\$463	863	463
Accounts receivable				
Total Assets	<u>\$243,911</u>	<u>\$463</u>	<u>\$187,704</u>	<u>\$56,670</u>
Liabilities:				
Due to bondholders	<u>\$243,911</u>	<u>\$463</u>	<u>\$187,704</u>	<u>\$56,670</u>
Total Liabilities	<u>\$243,911</u>	<u>\$463</u>	<u>\$187,704</u>	<u>\$56,670</u>
<u>Special Assessment Parking District #3</u>				
Assets:				
Cash and investments	\$89,927		\$4,855	\$85,072
Accrued interest receivable	424	\$481	424	481
Total Assets	<u>\$90,351</u>	<u>\$481</u>	<u>\$5,279</u>	<u>\$85,553</u>
Liabilities:				
Accounts payable				
Due to bondholders	<u>\$90,351</u>	<u>\$481</u>	<u>\$5,279</u>	<u>\$85,553</u>
Total Liabilities	<u>\$90,351</u>	<u>\$481</u>	<u>\$5,279</u>	<u>\$85,553</u>

CITY OF DAVIS
 AGENCY FUNDS
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED JUNE 30, 2019

	Balance at June 30, 2018	Additions	Deductions	Balance at June 30, 2019
<u>Woodland-Davis Clean Water Agency</u>				
Assets:				
Cash and investments	\$8,978,787		\$528,345	\$8,450,442
Cash and investments with fiscal agents	2,332,102	\$331,050		2,663,152
Accounts receivable	115,488		115,488	
Accrued interest receivable	38,368	42,497	38,368	42,497
Total Assets	<u>\$11,464,745</u>	<u>\$373,547</u>	<u>\$682,201</u>	<u>\$11,156,091</u>
Liabilities:				
Accounts payable	\$1,295,023		\$339,456	\$955,567
Due to members	10,169,722	\$373,547	342,745	10,200,524
Total Liabilities	<u>\$11,464,745</u>	<u>\$373,547</u>	<u>\$682,201</u>	<u>\$11,156,091</u>
<u>Cannery Bond and Debt Service</u>				
Assets:				
Cash and investments	\$442,748		\$28,904	\$413,844
Cash and investments with fiscal agents	672,942	\$5,049		677,991
Accounts receivable	25,646	852		26,498
Accrued interest receivable	1,040		1	1,039
Total Assets	<u>\$1,142,376</u>	<u>\$5,901</u>	<u>\$28,905</u>	<u>\$1,119,372</u>
Liabilities:				
Due to bondholders	\$1,142,376	\$5,901	\$28,905	\$1,119,372
Total Liabilities	<u>\$1,142,376</u>	<u>\$5,901</u>	<u>\$28,905</u>	<u>\$1,119,372</u>
<u>Total Agency Funds</u>				
Assets:				
Cash and investments	\$15,312,114	\$22,045	\$949,140	\$14,385,019
Cash and investments with fiscal agents	4,033,697	630,741		4,664,438
Accounts receivable	260,307	852	117,920	143,239
Accrued interest receivable	57,956	48,339	43,264	63,031
Total Assets	<u>\$19,664,074</u>	<u>\$701,977</u>	<u>\$1,110,324</u>	<u>\$19,255,727</u>
Liabilities:				
Accounts payable	\$1,295,023		\$339,456	\$955,567
Deposits payable	50,000			50,000
Due to members	10,169,722	\$373,547	342,745	10,200,524
Due to bondholders	8,149,329	328,430	428,123	8,049,636
Total Liabilities	<u>\$19,664,074</u>	<u>\$701,977</u>	<u>\$1,110,324</u>	<u>\$19,255,727</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
5. Direct and Overlapping Property Tax Rates
6. Principal Sales Tax Producers
7. Historical Sales Tax Amounts by Benchmark Year

Debt Capacity

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

1. Ratio of Outstanding Debt by Type
2. Direct and Overlapping Debt Schedule

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Invested in capital assets, net of related debt	\$230,339,089	\$219,145,446	\$250,695,740	\$247,797,970	\$242,575,554	\$240,360,485	\$242,813,290	\$241,337,805	\$242,447,283	\$253,773,329
Restricted	87,064,955	95,845,260	66,227,858	67,365,068	69,746,280	75,927,570	69,365,224	69,931,590	68,793,279	69,074,772
Unrestricted	11,656,610	(8,572,349)	13,515,454	1,540,261	18,474,120	(46,521,260)	(38,118,928)	(33,453,924)	(71,631,357)	(80,275,345)
Total governmental activities net position	\$329,060,654	\$306,418,357	\$330,439,052	\$330,703,299	\$330,795,954	\$269,766,795	\$274,059,586	\$277,815,471	\$239,609,205	\$242,572,756
Business-type activities										
Net investment in capital assets	\$228,167,880	\$223,254,657	\$222,630,293	\$222,668,422	\$225,975,439	\$235,769,713	\$274,098,197	\$238,517,438	\$239,731,489	\$237,288,576
Restricted		69,850								
Unrestricted	28,963,136	37,774,437	44,957,358	50,530,091	55,468,805	33,484,489	7,571,560	47,934,347	39,009,779	38,032,992
Total business-type activities net position	\$257,131,016	\$261,098,944	\$267,587,651	\$273,198,513	\$281,444,244	\$269,254,202	\$281,669,757	\$286,451,785	\$278,741,268	\$275,321,568
Primary government										
Net investment in capital assets	\$458,506,969	\$442,400,103	\$473,326,033	\$470,466,392	\$468,550,993	\$476,130,198	\$516,911,487	\$479,855,243	\$482,178,772	\$491,061,905
Restricted	87,064,955	95,915,110	66,227,858	67,365,068	69,746,280	75,927,570	69,365,224	69,931,590	68,793,279	69,074,772
Unrestricted	40,619,746	29,202,088	58,472,812	66,070,352	73,942,925	(13,036,771)	(30,547,368)	14,480,423	(32,621,578)	(42,242,353)
Total primary government net position	\$586,191,670	\$567,517,301	\$598,026,703	\$603,901,812	\$612,240,198	\$539,020,997	\$555,729,343	\$564,267,256	\$518,350,473	\$517,894,324

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

City of Davis

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental Activities:										
City Council	\$120,068	\$174,137	\$171,419	\$159,950	\$123,958	\$161,024	\$145,424	\$180,359	\$180,802	\$227,060
City Attorney	331,121	307,893	347,920	256,183	347,920	296,143	545,258	638,231	589,212	164,759
City Manager	2,157,842	2,464,895	2,655,486	2,479,529	2,675,550	1,950,060	2,278,240	2,700,596	3,586,783	3,816,385
Finance/ Administrative Services	2,113,284	2,206,587	2,007,813	2,928,562	2,638,260	3,038,094	2,947,477	4,835,955	4,137,561	4,149,905
Public Safety	27,772,647	25,224,672	24,116,311	25,379,748	25,827,801	26,983,139	30,392,391	32,609,249	36,725,989	38,879,308
Public Works	27,364,557	28,375,753	11,729,258	11,017,979	11,648,005	13,115,703	16,982,041	12,324,982	15,191,625	15,884,092
Community Development	2,998,509	3,307,303	3,145,307	3,720,192	3,986,695	5,290,390	4,911,814	5,010,995	6,577,645	7,088,490
Parks and Community Services	27,268,525	21,141,859	19,844,557	18,631,071	20,402,817	16,284,031	12,508,057	12,860,303	14,776,597	16,115,041
Interest on Long Term Debt	1,429,321	2,798,312	1,612,400	18,631,071	20,402,817	16,284,031	12,508,057	12,860,303	14,776,597	16,115,041
Total Governmental Activities Expenses	\$91,555,874	\$86,001,411	\$65,630,471	\$64,573,214	\$67,848,344	\$67,118,584	\$70,490,296	\$71,160,670	\$81,808,145	\$86,350,599
Business-Type Activities:										
Water	\$10,266,380	\$9,946,088	\$9,918,275	\$10,068,660	\$11,723,007	\$9,861,390	\$10,973,763	\$15,009,598	\$20,435,600	\$22,420,606
Sanitation	8,986,002	9,169,294	9,312,527	9,627,387	9,943,532	10,358,515	11,146,472	11,812,422	12,611,082	13,079,911
Sewer	8,727,978	8,247,337	8,554,364	8,230,219	8,368,186	8,759,829	7,937,827	9,110,218	10,599,307	20,774,240
Storm Sewer	2,947,887	3,868,242	3,529,576	3,733,250	3,713,758	3,669,452	3,940,656	3,819,462	3,696,659	3,978,285
Public transit	11,787,091	4,306,554	4,183,327	4,254,687	5,818,308	6,387,279	3,659,352	7,969,174	5,755,393	5,117,262
Total Business-Type Activities Expenses	42,715,338	35,537,515	35,498,069	35,914,203	39,566,791	39,036,465	37,638,070	47,720,874	53,098,041	65,370,304
Total Primary Government Expenses	\$134,271,212	\$121,538,926	\$101,128,540	\$100,487,417	\$107,415,135	\$106,155,049	\$108,128,366	\$118,881,544	\$134,906,186	\$151,720,903
Program Revenues										
Governmental Activities:										
Charges for Services:										
City Council	\$44,730	\$15,109	\$100,942	\$70,706	\$10,131	\$1,305,413	\$1,198,861	\$1,402,353	\$1,533,856	\$2,793,109
City Attorney	59,294	6,312	1,174,427	1,040,984	1,685,900	2,133,568	2,161,816	1,831,299	2,079,935	1,896,642
City Manager	2,399,082	2,593,006	1,331,101	2,010,666	2,025,757	2,095,092	2,286,771	2,361,692	2,098,186	2,193,478
Finance/ Administrative Services	2,095,245	2,169,650	2,173,112	2,002,577	2,144,146	2,095,092	2,286,771	2,361,692	2,098,186	2,193,478
Public Safety	334,326	333,556	376,451	1,274,263	1,110,862	1,767,216	2,373,366	1,421,458	1,426,288	1,175,848
Public Works	1,780,545	2,378,826	2,675,128	2,897,864	2,410,773	4,634,131	4,365,102	4,391,769	6,097,061	5,686,804
Community Development	2,733,651	2,740,804	3,123,734	3,132,569	4,510,095	3,109,507	3,306,893	3,439,496	3,226,910	4,193,075
Parks and Community Services	17,535,502	15,277,248	13,784,334	12,304,697	9,602,308	12,610,463	8,127,576	8,326,639	7,486,782	7,629,978
Operating Grants and Contributions	796,061									
Development impact fees and permits										
Capital Grants and Contributions	27,778,436	26,170,494	3,800,498	3,575,866	7,124,647	2,849,594	1,025,372	2,702,977	2,519,875	7,657,472
Total Government Activities Program Revenues	27,778,436	26,170,494	28,748,180	28,435,332	30,624,619	30,504,984	24,845,757	25,877,683	26,468,893	33,226,406
Business-Type Activities:										
Charges for Services:										
Water	9,896,995	10,131,953	10,479,767	11,310,371	15,343,083	12,079,724	15,343,083	17,532,566	19,802,459	25,288,329
Sanitation	8,967,949	8,975,404	9,134,378	9,454,530	10,118,187	10,604,488	10,805,280	11,033,701	11,427,201	12,026,195
Sewer	12,751,768	12,613,144	13,120,690	14,103,581	14,264,259	14,709,852	14,595,546	13,873,913	13,443,065	15,029,017
Storm Sewer	1,519,490	1,561,457	1,605,903	1,662,303	1,701,784	1,742,022	1,724,277	1,747,635	1,790,662	1,828,176
Public transit	36,354	32,585	30,012	31,105	32,241	31,963	34,104	32,108	33,531	39,433
Operating Grants and Contributions	11,750,908	3,998,505	4,103,691	4,328,525	5,714,463	6,275,145	3,199,273	7,693,559	5,095,586	5,049,062
Capital Grants and Contributions			1,205,085			40,000				
Total Business-Type Activities Program Revenue	44,923,464	37,313,048	39,679,526	40,890,415	47,656,405	45,443,194	45,741,563	51,913,482	51,592,504	59,260,212
Total Primary Government Program Revenues	\$72,701,900	\$63,483,542	\$68,427,706	\$69,325,747	\$78,281,024	\$75,948,178	\$70,587,320	\$77,791,165	\$78,061,397	\$92,486,618
Net (Expense)/Revenue										
Governmental Activities	(\$63,777,438)	(\$59,830,917)	(\$36,882,291)	(\$36,137,882)	(\$37,223,725)	(\$36,613,600)	(\$45,644,539)	(\$45,282,987)	(\$55,339,252)	(\$53,124,193)
Business-Type Activities	2,208,126	1,775,533	4,181,457	4,976,212	8,089,614	6,406,729	8,103,493	4,192,608	(1,505,537)	(6,110,092)
Total Primary Government Net Expense	(\$61,569,312)	(\$58,055,384)	(\$32,700,834)	(\$31,161,670)	(\$29,134,111)	(\$30,206,871)	(\$37,541,046)	(\$41,090,379)	(\$56,844,789)	(\$59,234,285)

City of Davis

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:										
Property Taxes	\$20,322,775	\$20,462,811	\$10,070,329	\$10,741,612	\$11,926,326	\$12,156,824	\$13,721,604	\$14,324,190	\$16,069,030	\$16,171,720
Sales Taxes	8,418,817	7,894,939	8,279,385	10,267,444	10,282,592	13,302,816	16,192,725	15,660,664	15,603,649	16,504,386
Municipal Services	4,336,510	2,417,072	2,492,849	2,578,655	2,669,472	2,770,291	2,878,914	2,937,053	3,031,057	3,138,065
Business License	1,492,242	1,466,725	1,556,797	1,470,124	1,669,289	1,735,021	1,719,258	1,804,618	2,012,568	2,377,091
Park Maintenance	1,344,782	1,329,056	1,334,629	1,334,782	1,339,536	1,360,149	1,367,935	1,382,436	1,387,984	1,412,582
Construction	208,859	342,590	925,461	905,411	229,577	562,206	1,167,502	1,146,893	952,455	2,063,309
Open Space Protection	641,221	634,857	637,161	636,293	640,980	649,634	644,914	649,222	652,422	671,714
Franchise	1,034,530	1,067,657	1,089,210	1,119,918	1,141,883	1,359,272	1,704,481	1,793,833	1,708,183	1,216,404
Transient Occupancy Tax	912,456	958,434	925,477	1,436,067	1,250,725	1,319,909	1,453,819	1,784,072	2,146,184	2,220,142
Transfer Taxes				194,326	225,977	367,464	306,001	386,182	387,230	
Other Taxes										
Motor Vehicle In-Lieu	5,054,571	5,213,376	4,879,324	4,979,748	5,291,098	5,523,938	6,146,238	6,107,171	6,414,751	6,762,017
Investment Earnings	558,490	236,141	281,322	301,030	417,751	135,148	468,830	503,676	381,196	2,796,717
Miscellaneous	542,805	2,495,652	554,551	436,719	231,174	1,264,593	2,165,109	558,862	230,485	553,597
Special Item: Transfer of loan from Successor Agency			1,684,904							
Extraordinary Gain: RDA Dissolution			24,083,029							
Total Government Activities	44,868,058	44,519,310	58,794,428	36,402,129	37,316,380	42,507,265	49,937,330	49,038,872	50,977,194	56,087,744
Business-Type Activities:										
Interest Earnings	318,724	298,741	174,215	110,170	77,279	75,698	306,459	347,197	701,252	1,795,864
Miscellaneous	131,317	336,868	298,808	524,480	78,838	245,077	4,005,603	242,223	460,193	894,528
Total Business-Type Activities	450,041	635,609	473,023	634,650	156,117	320,775	4,312,062	589,420	1,161,445	2,690,392
Total Primary Government	\$45,318,099	\$45,154,919	\$59,267,451	\$37,036,779	\$37,472,497	\$42,828,040	\$54,249,392	\$49,628,292	\$52,138,639	\$58,778,136
Change in Net Position										
Governmental Activities	(\$18,909,380)	(\$15,311,607)	\$21,912,137	\$264,247	\$92,655	\$5,893,665	\$4,292,791	\$3,755,885	(\$4,362,058)	\$2,963,551
Business-Type Activities	2,658,167	2,411,142	4,654,480	5,610,862	8,245,731	6,727,504	12,415,555	4,782,028	(344,092)	(3,419,700)
Total Primary Government	(\$16,251,213)	(\$12,900,465)	\$26,566,617	\$5,875,109	\$8,338,386	\$12,621,169	\$16,708,346	\$8,537,913	(\$4,706,150)	(\$456,149)

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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$1,279,973									
Unreserved	4,253,958									
Nonspendable		\$190,606	\$153,020	\$122,840	\$104,343	\$147,093	\$137,664	\$130,309	\$116,038	\$66,621
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	23,119,561	25,768,877	25,174,327
Total General Fund	<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>	<u>\$23,249,870</u>	<u>\$25,884,915</u>	<u>\$25,240,948</u>
All Other Governmental Funds										
Reserved	\$ 37,644,210									
Unreserved, reported in:										
Special revenue funds	23,476,779									
Capital project funds	28,062,545									
Nonspendable			\$33,952,695	\$9,795,953	\$1,795,533					
Restricted		\$87,819,702	29,321,073	55,900,967	67,657,120	\$69,329,025	\$67,911,538	\$68,332,845	\$68,474,641	\$68,064,467
Committed		9,899,535	8,409,293	7,654,337	8,058,386	8,334,135	3,620,540	3,581,941	3,289,614	3,667,142
Assigned			1,555,674	1,559,189	383,420					
Unassigned		(399,822)	(201,277)	142,500	(1,095,591)		(406,990)	(307,927)	(1,655,137)	(1,369,853)
Total all other governmental funds	<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>	<u>\$71,606,859</u>	<u>\$70,109,118</u>	<u>\$70,361,756</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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$41,867,742	\$41,786,803	\$32,472,106	\$36,141,112	\$36,981,511	\$40,921,164	\$47,758,142	\$48,006,878	\$50,365,513	\$53,642,549
Licenses, permits and fees	188	182	317	353	301					
Fines and forfeitures	861,131	1,004,144	961,642	826,972	833,513	661,160	660,313	567,834	466,574	331,642
Use of money and property	1,074,244	1,031,044	715,761	648,017	3,362,708	2,097,332	1,640,957	1,570,346	1,970,695	2,919,644
Intergovernmental revenues	15,243,036	13,442,401	10,975,947	12,410,582	10,408,899	14,157,718	5,045,096	4,228,914	5,124,979	10,234,310
Charges for services	8,279,578	8,698,620	9,541,440	9,939,479	9,614,559	12,080,275	12,293,260	11,665,050	11,855,798	12,932,840
Development fees	592,374	494,460	2,583,790	2,238,192	2,011,157	923,944	797,720	2,840,272	3,293,794	3,643,599
Administrative fee - Enterprise Fund	2,316,719	2,296,790	2,523,552	2,541,485	2,626,107	2,329,522	2,260,874	1,876,317	1,798,636	2,038,686
Other	2,407,821	1,795,965	254,482	1,069,570	476,872	1,121,047	3,449,409	3,805,856	2,109,611	2,952,002
Total Revenues	72,642,833	70,550,409	60,029,037	65,815,762	66,315,627	74,292,162	73,905,771	74,561,467	76,985,600	88,695,272
Expenditures										
Current:										
City Council	129,390	161,532	146,932	150,439	124,507	168,389	162,094	187,422	188,777	186,873
City Attorney	331,121	307,893	362,967	265,804	555,619	296,143	323,152	638,231	589,212	164,759
City Manager	1,950,261	2,322,778	2,607,106	2,469,750	2,710,000	2,063,550	2,511,944	3,231,499	2,997,221	3,468,342
Finance/Administrative Services	2,048,770	2,119,014	2,051,852	2,983,681	2,728,275	3,204,437	3,266,870	5,298,775	3,797,877	3,902,696
Public safety	25,348,848	24,168,701	24,227,418	25,616,115	26,368,580	27,838,666	28,686,821	30,254,413	31,831,541	32,912,622
Public works	4,485,175	4,210,546	5,103,770	3,702,414	5,173,502	6,227,483	5,849,339	7,927,980	6,061,775	8,606,126
Community development	2,794,363	3,181,665	3,178,808	3,780,789	4,096,916	5,467,094	5,227,343	5,539,962	6,017,911	6,498,516
Parks and Community Services	22,543,846	18,663,508	18,077,634	16,938,350	18,163,238	14,971,458	11,681,163	12,019,873	12,846,831	13,264,072
Special Projects	11,115,111	16,750,622	1,916,055	1,996,757	1,926,030	2,077,228	7,742,821	1,741,902	2,286,213	1,258,575
Debt service:										
Principal repayment	923,828	1,493,799	2,316,295				1,700		172,090	349,511
Interest and fiscal charges	1,442,353	2,713,521	1,352,117						41,931	94,267
Special assessment										
Capital Improvements	3,372,261	3,118,144	5,241,669	4,402,828	4,199,574	4,966,673	8,984,638	7,108,003	10,363,048	18,380,242
Total Expenditures	76,485,327	79,211,723	66,582,623	62,306,927	66,046,241	67,281,121	74,437,885	73,948,060	77,194,427	89,086,601
Excess (deficiency) of revenues over (under) expenditures	(3,842,494)	(8,661,314)	(6,553,586)	3,508,835	269,386	7,011,041	(532,114)	613,407	(208,827)	(391,329)
Other Financing Sources (Uses)										
Transfers in	4,990,510	29,491,616	8,278,245	660,680	8,832,713		382,804			
Transfers (out)	(4,972,076)	(29,687,094)	(8,326,775)	(754,850)	(8,832,713)		(382,804)			
Issuance of long-term debt	13,289	18,000,000						1,428,745	1,346,131	
Sale of real property					3,093,371					
Total other financing sources (uses)	31,723	17,804,522	(48,530)	(94,170)	3,093,371			1,428,745	1,346,131	
Special and Extraordinary Items										
Special Item										
Extraordinary Item			1,684,904							
Total special and extraordinary items			(17,171,136)							
Net Change in fund balances	(\$3,810,771)	\$9,143,208	(\$23,773,252)	\$3,414,665	\$3,362,757	\$7,011,041	(\$532,114)	\$2,042,152	\$1,137,304	(\$391,329)
Debt service as a percentage of noncapital expenditures	3.2%	5.5%	6.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.6%

Source:
City of Davis Comprehensive Annual Financial Report

City of Davis

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

Fiscal Year	Secured Property	Unsecured Property	Total Assessed Value (1)	Total Direct Tax Rate (2)	Estimated Actual Taxable Value (3)	Factor of Taxable Assessed Value (3)	Assessed Value as a Percentage of Actual Value
2010	\$5,849,305,791	\$151,696,172	\$6,001,001,963	1.00000%	\$6,001,001,963	-	100.00%
2011	6,040,438,139	152,101,938	6,192,540,077	1.00000%	6,192,540,077	-	100.00%
2012	6,045,152,582	149,987,064	6,195,139,646	1.00000%	6,195,139,646	-	100.00%
2013	6,174,002,301	148,643,161	6,322,645,462	1.00000%	6,322,645,462	-	100.00%
2014	6,532,936,548	149,162,860	6,682,099,408	1.00000%	6,682,099,408	-	100.00%
2015	6,827,198,602	151,707,098	6,978,905,700	1.00000%	6,978,905,700	-	100.00%
2016	7,133,136,703	150,409,221	7,283,545,924	1.00000%	9,868,221,448	1.354865	73.81%
2017	7,536,741,273	155,727,533	7,692,468,806	1.00000%	10,188,159,538	1.324433	75.50%
2018	7,935,081,647	147,857,902	8,082,939,549	1.00000%	12,754,830,111	1.577994	63.37%
2019	8,366,776,263	157,197,512	8,523,973,775	1.00000%	12,904,605,001	1.513919	66.05%

Source: Yolo Assessor data, MuniServices, LLC

Source: 2015 and prior: Prior Published CAFR

(1) Total value does not include state unitary value of \$1,716,947.

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

(3) 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 Last Three Fiscal Years

Category	2016-17	2017-18	2018-19
Agriculture	\$0	\$0	\$0
Commercial	715,514,172	557,747,426	786,586,652
Government	0	0	0
Industrial	115,053,787	124,302,572	134,967,671
Institution	214,333,475	217,983,593	217,254,596
Professional	33,522,520	227,720,376	35,873,773
Public	1,516,043	0	1,577,289
Recreation	28,414,307	27,233,410	25,774,511
Residential	6,586,956,530	7,010,888,923	7,407,192,281
Rural	5,383,050	4,726,238	5,190,761
Social	45,581,844	46,561,398	47,460,863
Unknown	51,090,491	61,112,369	73,032,502
Vacant	179,756,307	119,515,039	117,284,914
Net Secured Value	7,977,122,526	8,397,791,344	8,852,195,813
Unsecured	228,858,353	222,765,230	236,308,718
Exemptions	513,512,073	537,617,025	564,530,756
Net Taxable Value (1)	\$7,692,468,806	\$8,082,939,549	\$8,523,973,775

Source: County Assessor, MuniServices, LLC / an Avenu Insights & Analytics Company

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

(1) Net value does not include state unitary value of \$1,716,947.

City of Davis
Principal Property Tax Payers
Last Fiscal Year and Nine Years Ago

Taxpayer	2018-19		2009-10	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Tilden Spectrum Llc	\$77,273,932	0.91%		
San Carlos Retail Venture Ltd.	63,482,207	0.74%		
Tanglewood Apts Llc	56,962,806	0.67%		
Sfc Greystone Investors L P	54,439,250	0.64%		
Mori Seiki Davis Land Holding	53,720,923	0.63%		
Cp Iv University Village Llc	43,897,865	0.51%		
Pac West Office Equities Lp	40,965,063	0.48%		
Marketplace Center Inc.	38,291,450	0.45%	\$22,445,671	0.37%
Bridge Ellington Lp	37,904,109	0.44%		
Centro Watt Property Owner I	36,580,000	0.43%	18,177,168	0.30%
Ucd J Street Owner Llc	36,432,458	0.43%		
Oakshade Regency Llc	35,658,072	0.42%		
Comcast Of Ca X Inc	34,921,354	0.41%		
Vtr Covell Lp	32,987,704	0.39%		
Target Corp	29,599,647	0.35%		
Carlton Plaza Of Davis Lp	26,305,097	0.31%		
Olive Drive Partners	24,976,397	0.29%	22,439,422	0.37%
Angstenberger Rev Liv Trust	22,474,072	0.26%		
Wga Sycamore Lane Lp	22,120,364	0.26%	18,265,192	0.30%
Dartbrook Twin Oaks Lp	19,456,604	0.23%		
Academy Lane Partners Ltd. Ptp	19,159,723	0.22%		
Schilling Robotics Llc	19,030,990	0.22%		
Kaiser Found Health Plan Inc.	18,903,850	0.22%	15,126,080	0.25%
Adobe At Evergreen Apts Llc	18,888,975	0.22%	16,671,068	0.27%
Kis	16,804,706	0.20%		
Sequoia Equities-Cypress Etal			44,114,945	0.72%
Sfc Lakeshore Investors Lp			33,065,351	0.54%
United Cable Telev Of Cal Inc.			32,820,600	0.54%
Kirkwood Village Assoc Etal			32,122,786	0.53%
Kw Davis Llc			25,468,855	0.42%
Fine Arts Lp			23,804,576	0.39%
Arv Covell Llc			21,699,311	0.36%
Se-Davis Llc			19,241,364	0.32%
Stonegate Village Apartments			16,699,261	0.27%
West Davis Associates			15,804,490	0.26%
Fairfield Cambridge Glen Llc			14,500,000	0.24%
5Th & G Plaza Inc			13,958,002	0.23%
Pole Line Road Holding Co Llc			13,801,005	0.23%
Walnut Park Apartments			13,602,133	0.22%
Arlington Farm Partners			13,585,800	0.22%
Ramos Frank C Tr Etal			13,021,010	0.21%
Target Corporation			12,982,934	0.21%
Renaissance Park 176 Llc			11,955,704	0.20%
Lee Dong K Etal			11,360,438	0.19%
Total Top Taxpayers	881,237,618	10.34%	496,733,166	8.14%
Total Taxable Value	8,523,973,775	100.00%	6,100,335,988	100.00%

Source: MuniServices, LLC / an Avenu Insights & Analytics Company

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
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%	1,358	23,503,506	100.0000%
2017	24,954,659	24,954,659	100.0000%	3,878	24,954,659	100.0000%
2018	25,779,228	25,779,228	100.0000%	na	25,779,228	100.0000%
2019	26,897,577	26,897,577	100.0000%	na	26,897,577	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
Direct and Overlapping Property Tax Rates
Last Three Fiscal Years

	2016-17	2017-18	2018-19
Basic City and County Levy			
County General Fund	0.091511	0.091511	0.091511
County ACO Fund	0.010952	0.010952	0.010952
County Library	0.016370	0.016370	0.016370
City of Davis	0.211176	0.211176	0.211176
Davis Cemetery District	0.002627	0.002627	0.002627
Sacto-Yolo Mosquito & Vector Control	0.007701	0.007701	0.007701
Yolo County Flood Control District	0.005614	0.005614	0.005614
County Schools	0.027663	0.027663	0.027663
Davis Joint Unified School District	0.333422	0.333422	0.333422
Los Rios Community College	0.041369	0.041369	0.041369
County General Fund	0.175706	0.175706	0.175706
County Library	0.008457	0.008457	0.008457
City of Davis	0.063363	0.063363	0.063363
Davis Cemetery District	0.000608	0.000608	0.000608
Yolo County Flood Control District	0.003462	0.003462	0.003462
Total	1.000000	1.000000	1.000000
Override Assessments			
DAVIS JUSD 2000 BD	0.019200	0.017000	0.016000
LOS ROIS CCD 2002 BD	0.014100	0.013000	0.013100
Total	0.033300	0.030000	0.029100
Total Tax Rate	1.033300	1.030000	1.029100

Source: MuniServices, LLC / an Avenu Insights & Analytics Company

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

City of Davis
Principal Sales Tax Producers
Last Fiscal Year and Nine Years Ago

2018-19		2009-10	
Taxpayer	Business Type	Taxpayer	Business Type
Ace Hardware	Bldg.Matls-Retail	Arco AM/PM Mini Marts	Service Stations
American River RV	Misc. Vehicle Sales	At & T Wireless	Miscellaneous Retail
Arco AM/PM Mini Marts	Service Stations	Beacon Service Stations	Auto Sales - New
Chevron Service Stations	Service Stations	Borders Books & Music	Miscellaneous Retail
Circle K Service Stations	Service Stations	Chevron Service Stations	Service Stations
Crepeville	Restaurants	Crepeville	Restaurants
CVS/Pharmacy	Drug Stores	CVS/Pharmacy	Drug Stores
Dos Coyotes Border Cafe	Restaurants	Davis Food Co-Op	Service Stations
Hanlees Chevrolet	Auto Sales - New	Davis Lumber & Hardware	Bldg.Matls-Whsle
Hanlees Chrysler Dodge Jeep Ram Kia	Auto Sales - New	Hanlees Chevrolet/Toyota/Scion	Auto Sales - New
Hanlees Nissan	Auto Sales - New	Hanlees Nissan	Auto Sales - New
Hanlees Toyota	Auto Sales - New	Hanlees Toyota	Auto Sales - New
Hibbert Lumber	Bldg.Matls-Retail	Hibbert Lumber	Bldg.Matls-Retail
In-N-Out Burgers	Restaurants	Hme Incorporated	Electronic Equipment
Mikuni Japanese Restaurant	Restaurants	La Mesa R.V. Center	Misc. Vehicle Sales
Nugget Markets	Food Markets	Nugget Market	Food Markets
Rite Aid Drug Stores	Drug Stores	Officemax	Drug Stores
Safeway Stores	Food Markets	Rite Aid Drug Stores	Service Stations
Shell Service Stations	Service Stations	Safeway Supermarkets	Food Markets
Shottenkirk Honda of Davis	Auto Sales - New	Save Mart Supermarkets	Service Stations
Target Stores	Department Stores	Shell Service Stations	Service Stations
TJ Maxx	Apparel Stores	Sunmart Service Stations	Service Stations
Union 76 Service Stations	Service Stations	Swift Jeep/Chrysler/Dodge	Auto Sales - New
University Honda	Auto Sales - New	Target Stores	Department Stores
Valero Service Stations	Service Stations	University Honda	Auto Sales - New

Source: MuniServices, LLC / an Avenu Insights & Analytics Company

City of Davis

Historical Sales Tax Amounts by Benchmark Year

Category Name	2019 Q1	2018 Q1	2017 Q1	2016 Q1	2015 Q1	2014 Q1	2013 Q1	2012 Q1	2011 Q1
Accommodation and Food Services	\$1,307,756	\$1,308,293	\$1,261,347	\$1,198,021	\$1,159,430	\$1,049,137	\$974,850	\$907,723	\$848,607
Agriculture, Forestry, Fishing and Hunting	36,680	20,559	16,262	16,667	19,361	10,789	9,743	10,994	16,810
Arts, Entertainment, and Recreation	3,235	3,855	3,665	3,360	2,140	1,554	1,337	387	0
Construction	5,159	1,017	562	538	424	620	682	1,456	1,240
Educational Services	25,310	29,162	23,746	33,693	13,143	11,004	63,844	3,074	4,367
Information	35,084	38,942	36,856	36,379	36,880	38,368	36,259	32,227	36,423
Manufacturing	164,377	140,060	100,725	204,229	157,823	111,609	218,744	101,012	129,682
Mining, Quarrying, and Oil and Gas Extraction	6,535	43,261	3,396	6,282	40,121	42,850	111,811	6,153	7,517
Other Services (except Public Administration)	92,561	95,946	90,925	84,834	73,439	67,118	61,477	54,129	49,201
Professional, Scientific, and Technical Services	29,052	35,407	32,659	35,385	36,799	29,004	29,587	26,957	26,927
Real Estate and Rental and Leasing	20,159	22,689	20,754	18,490	15,681	15,422	14,215	12,270	22,845
Retail Trade	4,595,122	4,856,895	4,870,641	4,690,535	4,447,213	4,283,615	4,013,876	3,732,290	3,294,239
Utilities	98,948	108,418	114,993	82,834	71,634	37,804	47,291	42,655	39,826
Not Classified by CDTFA	27,308	31,212	27,966	27,203	27,848	24,410	19,776	17,886	20,936
Grand Total	\$6,447,286	\$6,735,716	\$6,604,497	\$6,438,450	\$6,101,936	\$5,723,304	\$5,603,492	\$4,949,213	\$4,498,620

Source: MuniServices, LLC / an Avenu Insights & Analytics Company

The data contained in this report is economic and therefore constantly changing as adjustments, fund transfers, late filings and audits are recorded.

The categories listed in previous reports were based on SBOE NAICS codes and have been updated to reflect current updated CDTFA standards.

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	State Revolving Fund Loans	
2010	\$27,755,000	\$1,020,000		\$383,653	\$526,441		\$29,685,094
2011	45,120,000	875,000		196,295			46,191,295
2012	(2)						
2013							
2014							
2015							
2016							
2017						\$1,428,745	1,428,745
2018						2,602,786	2,602,786
2019						2,414,324	2,414,324

Fiscal Year	Business-Type Activities						Total	Total Primary Government
	Department of Water Resources Loans	State Revolving Fund Loans	Sewer System Capital Improvement Loan	East Area Water Storage Tank Loan	Line of Credit	Water Revenue Bonds		
2010	\$4,129,424	\$7,620,513	\$1,394,951				\$13,144,888	\$59,336,183
2011	3,593,956	6,835,765	1,262,215	\$7,234,117	\$3,000,000		21,926,053	21,926,053
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		49,661,117	86,490,545	87,919,290
2017		55,881,438		8,508,807		27,390,000	91,780,245	94,383,031
2018		72,340,280		8,260,360		26,470,000	107,070,640	107,070,640
2019		74,309,742		8,001,975		19,653,162	101,964,879	104,379,203

Sources:

City of Davis
 State of California, Department of Finance (population)
 U.S. Department of commerce, Bureau of the Census (income)

Notes:

- (1.) Debt amounts exclude any premiums, discounts, or other amortization amounts.
- (2.) 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.
- (3.) See Page 163 (Demographic Statistics) for personal income and population data.

City of Davis
Direct and Overlapping Debt Schedule
as of June 30, 2019

2018-19 Assessed Valuation: \$8,585,541,575

	Total Debt		City's Share of
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>6/30/2019</u>	<u>% Applicable (1)</u>	<u>Debt 6/30/19</u>
Los Rios Community College District	\$396,190,000	4.389%	\$17,388,779
Davis Joint Unified School District	61,625,000	89.181	54,957,791
Davis Joint Unified School District Community Facilities District No. 2	15,980,000	98.611	15,758,038
City of Davis Community Facilities District No. 1990-1	515,484	100	515,484
City of Davis Community Facilities District No. 1990-2	2,860,618	100	2,860,618
City of Davis Community Facilities District No. 1990-3	1,715,098	100	1,715,098
City of Davis Community Facilities District No. 1990-4	2,445,367	100	2,445,367
City of Davis Community Facilities District No. 1990-5	417,638	100	417,638
City of Davis Community Facilities District No. 1991-2	6,763,233	100	6,763,233
City of Davis Community Facilities District No. 2005-1	9,540,000	100	9,540,000
City of Davis Community Facilities District No. 2007-02	4,044,165	100	4,044,165
Yolo County Library Community Facilities District No. 1989-1	5,610,000	89.789	5,037,163
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			<u><u>\$121,443,374</u></u>
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Yolo County Certificates of Participation	\$39,187,768	31.322%	\$12,274,393
Yolo County Board of Education Certificates of Participation	5,530,000	31.322	1,732,107
Davis Joint Unified School District General Fund Obligations	29,531,374	89.181	26,336,375
City of Davis General Fund Obligations	0	100	0
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			<u><u>\$40,342,875</u></u>
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	 \$36,070,000	 100.00%	 \$36,070,000
 TOTAL DIRECT DEBT			 \$0
TOTAL OVERLAPPING DEBT			\$197,856,249
 COMBINED TOTAL DEBT			 \$197,856,249 (2)

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2018-19 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.41%
Total Direct Debt	0.00%
Combined Total Debt	2.30%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,622,220,049):

Total Overlapping Tax Increment Debt	2.22%
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City of Davis
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City Population (1)	Personal Income (In Thousands) (2)	Per Capita Income (2)	Unemployment Rate (2)	County Population (1)	City population as a % of County	Public School Enrollment (3)
2010	\$66,570	\$2,430,138	\$36,505	7.6%	\$201,105	33.10%	-
2011	66,011	2,191,235	33,195	7.7%	201,759	32.72%	-
2012	65,052	2,163,369	33,256	6.9%	202,133	32.18%	-
2013	66,471	2,187,361	32,907	6.0%	205,999	32.27%	-
2014	66,656	2,060,121	30,860	6.7%	206,381	32.30%	-
2015	66,757	2,246,106	33,646	5.4%	207,212	32.22%	-
2016	68,314	2,336,407	34,201	4.9%	214,555	31.84%	8,562
2017	68,740	2,464,123	35,847	4.4%	218,896	31.40%	8,582
2018	68,704	2,619,522	38,128	2.5%	221,270	31.05%	8,630
2019	69,761	2,805,542	40,216	2.2%	222,581	31.34%	8,587

(-) Data Unavailable.

Source: MuniServices, LLC / an Avenu Insights & Analytics Company, U.S. Census Bureau, 2010 American Community Survey.

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

(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 Davis Joint Unified School District only.

City of Davis
Principal Employers
Last Fiscal Year & Nine Years Ago

Business Name	2018-19		2009-10	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
UC Davis	24,629	68.6%	30,770	46.2%
Davis Joint Unified School District	1,169	3.3%	972	1.5%
Sutter Davis Hospital	511	1.4%	375	0.6%
City of Davis*	328	0.9%	572	0.9%
Unitrans	287	0.8%		
Nugget Market (2 Locations)	257	0.7%	166	0.2%
Safeway Stores (2 Locations)	195	0.5%	200	0.3%
University Retirement Community	158	0.4%		
Courtyard Healthcare Center	153	0.4%		
Davis Food Co-Op	123	0.3%	133	0.2%
USDA			200	0.3%
PG&E			200	0.3%
Target			182	0.3%
Total Top 10 Employers	27,810	77.5%	33,770	50.7%
Total City Labor Force (1)	35,900		66,570	

Source: MuniServices, LLC / *an Avenu Insights & Analytics Company*

Source: 2009-10 count from previous published CAFR

Results based on direct correspondence with city's local businesses.

(1.) Total City Labor Force is provided by EDD Labor Force Data and includes all employable adult residents of the City of Davis.

* FTE only

City of Davis

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
General government	31.64	42.23	41.74	46.74	49.24	43.81	45.52	49.33	49.38	49.16
Public safety	151.63	151.27	146.82	145.03	140.03	138.03	140.21	142.94	145.10	148.10
Public Works	122.24	119.24	117.53	126.98	118.79	109.06	110.32	113.01	121.57	113.80
Community development	25.57	26.07	26.39	22.30	22.30	20.05	24.00	28.36	30.36	30.91
Parks & Community Services	193.55	165.62	149.79	113.56	102.58	117.01	103.16	105.34	101.59	98.73
Total	<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>438.98</u>	<u>448.00</u>	<u>440.70</u>

Source: City of Davis

City of Davis

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

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety:										
Fire:										
Fire calls for service	\$229	\$193	\$196	\$255	\$173	\$152	\$250	\$272	\$1,254	\$222
Medical calls for service	2,416	2,448	2,538	2,845	3,011	3,041	3,973	4,268	4,252	3,751
Other calls for service	1,524	1,432	1,547	1,628	1,628	1,572	1,658	1,981	984	1,864
Primary fire inspections conducted	1,799	1,806	1,503	1,806	1,198	1,115	1,768	1,101	1,356	870
Fire loss	597,732	591,107	576,395	822,500	1,384,310	623,821	748,000	1,005,000	2,450,200	1,413,900
Police:										
Communication Center calls answered (911)	11,203	12,083	12,008	12,538	12,959	13,690	13,164	13,787	14,996	17,305
Police calls for Service	56,315	57,540	60,830	53,630	49,442	51,358	48,961	49,978	45,767	46,080
Law Violations:										
Part I and Part II crimes	1,792	1,823	1,603	1,573	1,802	1,703	1,881	1,873	1,837	1,934
Warrants processed (adult and juvenile)	727	666	845	742	756	756	689	994	537	520
Driving under influence arrests (DUU)	166	164	265	253	156	185	162	104	75	66
Property loss	2,213,102	2,235,868	1,196,213	1,196,512	2,215,301	2,261,182	2,253,215	3,305,098	3,348,530	361,449
Property recovered	778,997	574,448	510,747	511,747	490,507	533,942	905,034	1,106,738	1,122,125	215,899
Cases written	5,929	5,407	4,730	4,760	4,667	4,830	5,681	5,055	5,682	4,903
Animal related calls	276	353	327	386	402	430	451	454	424	424
Civilian complaints	32	12	15	15	12	12	8	8	8	7
Noise complaints	2,751	2,919	2,230	2,073	1,792	1,449	1,553	1,211	1,348	1,212
Moving violations	4,116	2,554	4,963	5,019	5,082	3,706	4,738	3,979	2,246	1,216
Parking violations	17,993	18,020	16,570	15,470	15,253	14,082	11,228	8,479	7,116	10,078
Public works										
Annual vandalism expenses	51,916	84,886	69,367	100,964	65,868	14,247	47,009	15,062	\$2,351**	\$2,000**
Tons of material used for the pothole repairs	7	11	9	10	11	7	25	30	24	28
Parks and Community Services										
Community Services:										
Recreation Program Participants	20,327	19,316	19,746	18,297	15,747	16,583	15,858	15,087	18,595	14,773
Athletic Field Rentals							5,023	7,011	3,943	3,802
Park & Picnic Rentals							1,130	675	627	708
Performing Arts Center Rentals			192	137	132	193	207	209	271	241
Pool Rentals							65	60	80	66
Public Facility Rentals							3,327	2,770	2,759	2,920
Water										
Water service connections	16,325	16,430	16,430	16,572	16,139	16,756	16,794	16,852	17,005	16,292
Average daily consumption (thousands of gallons)	10,286	10,699	10,478	10,340	10,306	7,723	8,133	8,456	9,219	10,286
Average daily consumption (millions of gallons/day)	10.29	10.70	10.48	10.34	10.31	7.72	8.13	8.46	9.22	10.29
Wastewater										
Sewer service connections	16,325	16,430	16,430	16,430	16,572	N/A	16,179	16,852	16,516**	16,542
Average daily treatment (millions of gallons/day) *	5	5	5	5	5	4	4	4	4	5
Solid Waste *										
CalRecycle EAR Disposal (tons)	37,370	31,449	31,867	32,533	32,766	35,055	35,543	34,751	38,323	38,323
CalRecycle Calculated Generation (tons)	91,617	91,928	89,700	91,574	92,230	91,868	96,474	94,324	97,085	97,085
CalRecycle Calculated Diverted (tons)	54,247	60,479	57,833	59,041	59,464	56,813	60,931	59,573	58,762	58,762
CalRecycle Calculated Diverted (%)	59%	66%	64%	64%	64%	62%	63%	63%	61%	61%
CalRecycle Calculated Disposal (%)	41%	34%	36%	36%	36%	38%	37%	37%	39%	39%

* corrected basis of measurement

Source: City of Davis

Notes:

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

* Solid Waste section has been updated with the official numbers issued by the state for each calendar year.

** This is an estimate based on expenditures in 7246. Vandalism is no longer tracked as a program (7149 was folded in to 7246 pathway lighting in 2017/18). Also, wire theft is no longer the issue it once was, bringing down our cost for vandalism. I think this category should be removed. -AE

*** This number was revised down from 17,612 because the number posted had some double counting because of the meter replacement project (old Sensus meters and new Badger meters were showing up in the same report). - AE

City of Davis

Capital Asset Statistics by Function/Program (Unaudited)

Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function/Program										
Public safety:										
Fire stations	3	6	3	3	3	3	3	3	3	3
Police stations	1	1	1	1	1	1	1	1	1	1
Number of sworn personnel	61	61	61	63	63	61	61	61	61	61
Police patrol units	43	34	37	37	37	34	34	34	34	34
Public works										
Miles of streets	165	166	166	165	165	179	179	179	179	179
Street lights	5,676	5,699	5,699	5,710	5,710	6,100	6,100	4,540	4,027	4,027
Traffic Signals	60	61	61	59	58	60	60	67	57	58
Culture and recreation:										
Community services:										
City parks	31	36	36	36	36	34	37	37	37	37
City trees *	26,000	26,000	26,000	21,500	20,616	20,616	19,556	19,125	40,009	38,767
Playgrounds	69	69	69	69	65	65	67	67	67	67
Miles of on-street bike lanes	55	55	55	55	55.8	55.8	55.8	56	58	58
Miles of off-street bike paths	56	56	56	53	53.3	53.3	58.8	56	58	58
Community gardens	1	1	1	1	1	2	2	2	2	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	9	9	9	9	9	9
Tennis courts	33	33	33	33	32	32	30	30	30	30
Pickleball courts						8	8	8	8	8
Bocce Ball courts						3	3	3	3	3
Outdoor Amphitheater						1	1	1	1	1
Outdoor Fitness Equipment Areas	0	0	0	0	0	0	0	2	4	4
City buildings maintained	87	87	91	92	91	92	92	61**	63**	63
Square footage of City Buildings	305,093	305,093	305,093	305,093	305,093	305,093	307,973	301,469	306,169	312,104
Water										
Miles of water mains	180	180	183	198	188	187.8	188	191	191	191
Number of wells	20	20	20	20	20	20	20	10	10	10
Fire hydrants	1,703	1,703	1,706	1,708	1,078	1,708	1,750	1,708	1,750	1,754
Wastewater										
Miles of sewer mains	164	164	164	164	164	164	160	164	164	166
Miles of storm sewers	127	127	127	127	127	80	80	127	127	128
Number of treatment plants						1	1	1	1	1
Treatment capacity (millions of gallons)*	7.5	7.5	7.5	7.5	7.5	7.5	7.5	6.5	6.5	6.5

* corrected basis of measurement

Source: City of Example

Notes:

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

* The permit is for 7.5, but the new plant was designed for 6.5

**The definition of city buildings maintained has changed (no longer includes park restrooms, storage shed at 1818 and green belt sheds, etc.). Addition of Cannery barn and Cannery shed.

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