

ANNUAL COMPREHENSIVE FINANCIAL REPORT

City of Davis, CA | For Fiscal Year Ended June 30, 2021

CITY OF DAVIS, CALIFORNIA

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

PREPARED BY THE
FINANCE DEPARTMENT

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CITY OF DAVIS, CALIFORNIA

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January 24, 2024

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Davis, California, for the fiscal year ended June 30, 2021. Information in this ACFR is prepared in accordance with generally accepted accounting principles (GAAP) and includes an unmodified opinion on the report by the City's independent certified public accounting firm.

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 ACFR complies with the principles and standards of accounting 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's financial position and operations.

FORMAL TRANSMITTAL OF THE ACFR

State statutes require an annual audit by independent certified public accountants. Maze & Associates has audited the City's 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. The auditor's report on the financial statements is presented as the first component of the financial section of the ACFR.

In conjunction with the annual ACFR, 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.

For those readers interested in a more detailed review of the City's financial statements, a narrative section called the Management Discussion and Analysis (MD&A) has been included as part of the Financial Section. The MD&A reports on the financial highlights of the City and provides additional analysis on the variances and trends reported as part of the financial statements. The City's MD&A immediately follows the Independent Auditor's Report. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

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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 biennial 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 biennial 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. It 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, wastewater and sanitation utilities; and general government activities. The enclosed report includes information for all funds of the City of Davis.

GOVERNMENT STRUCTURE

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 that began with the November 2020 municipal election. One of the Council members serves as the Mayor and another as the Vice Mayor. 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, Public Works Engineering & Transportation and Public Works Utilities & Operations.

The City of Davis is a university-oriented city with an estimated population in 2021 of 69,295. 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 and City of Davis Public Facilities Financing Authority. Financial information on these entities has been included in this report.

BUDGET POLICIES AND 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 Department initializing the baseline budget for the coming year for departmental review. Funding requests and changes are submitted to the City Manager and the Finance Director, who balance and prioritize requests to fit with current financial obligations and to ensure they are within the constraints of 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 with fiscal year 2020/21 being the second year in the biennial budget cycle. 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 improves long-range and strategic planning, assists in integrating Council goal setting with the budgetary process and reinforces 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 workshop 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. These include 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. Residents' participation is encouraged throughout fiscal year to assist Council in decision and policy making that shape the City budget.

BUDGET INITIATIVE

In March of 2021, Congress passed the American Rescue Plan Act, which provided the City with \$19.7 million in federal funding in two equal installments received in spring 2021 and spring 2022. The funding is one-time funding, which must be encumbered by December 2024. The intent behind the funding is to provide resources for the city to rebound from COVID-19 and its resulting economic and health hardships. Staff will be working with the Council Subcommittee over next two years to prioritize allocations of federal funding to various City programs and initiatives.

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 \$5,000 and workers compensation is \$1,000. This significantly limits the City's financial risk.

ECONOMIC CONDITION – LOCAL AND 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.

The country has been dealing with the pandemic for over a year. With the latest State guidance revisions, most of the counties moved into an orange tier, which allowed for more businesses to open up and more activities to take place. With the vaccines being made available to people sixteen years old and older as of spring of 2021 and with continued preventive measures for reducing the

spread of COVID-19, the State was poised to open in summer of 2021. The Governor terminated the state’s COVID-19 State of Emergency as of February 28, 2023. He also phased out the executive actions put in place since March 2020 as part of the pandemic response.

The COVID-19 pandemic continued to wreak havoc on City’s revenue due to reduced recreational programming, enforcement of stringent social distancing orders, reduced travel, closure of restaurants and establishments, and lower fuel sales due to stay-at-home orders. To help minimize the General Fund impact of this pandemic, the City of Davis continued to defer the Other Post-Employment Benefits payment in excess of the pay-as-you-go amount, slowed funding of Capital Improvement Projects and continued with a hiring freeze, all with the purpose of preserving the General Fund reserve during this unprecedented time.

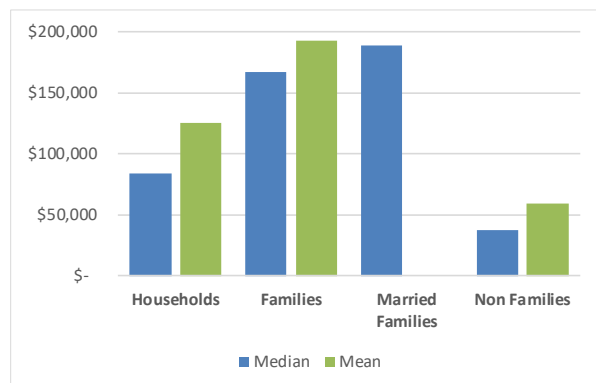
According to the California Employment Development Department (EDD) as of September 2021, City of Davis unemployment rate was 3.5% in comparison to Yolo County’s unemployment rate of 4.8% and the State of California of 6.2%. The City’s rate was lowest in the region when compared with the 5.0% in El Dorado County, 4.4% in Placer County and 6.0% in Sacramento County.

Monthly Labor Force Data for Cities and Census Designated Places (CDP)						
Annual Average 2021 - Revised						
Data Not Seasonally Adjusted						
Area Name	Labor Force	Employment	Unemployment Number	Unemployment Rate	Census Ratios Emp	Unemp
Yolo County	106,700	100,300	6,300	5.9%	1.000000	1.000000
Davis city	34,700	33,400	1,300	3.9%	N/A	N/A
Esparto CDP	1,900	1,800	100	3.2%	0.018051	0.009307
West Sacramento city	25,400	23,800	1,600	6.2%	N/A	N/A
Winters city	4,000	3,900	100	3.0%	0.038522	0.019113
Woodland city	30,300	28,000	2,200	7.4%	N/A	N/A

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

As of issuance of this annual financial report, the City unemployment rate decreased slightly to 3.4%. The median household income was \$84,074 while the median family income was \$166,758. The income per capita in Davis was \$45,148.

Name	Median	Mean
Households	\$ 84,074	\$ 125,672
Families	\$ 166,758	\$ 192,896
Married Families	\$ 188,488	na
Non Families	\$ 37,339	\$ 59,130



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 was \$780,000 in December 2021, an increase of 6.8% from prior year. Home prices grew due to low inventory and declining mortgage rates. Reduction in the number of single-family home sales was largely impacted by COVID-19 as potential buyers stayed home. Home sales rebounded by July 2021, not only in Davis, but statewide. Looking at the gains in median housing prices, the pandemic did not affect assessed values of the single-family homes.

Davis continues to address housing, including affordable housing, although the COVID-19 pandemic has negatively affected construction over much of the 2020/21 fiscal year, with closures and supply chain shortages. In calendar year 2020, the City only issued a total of 66 building permits for residential units with 16 single family units, 15 accessory dwelling units (ADUs), and 38 multi-family units. The 38 units belong to a new all-affordable rental development known as Adelante. This community is intended for low-income families and households and is a welcome addition to the City's inventory of affordable beds.

As evidence of rebound and economic improvements coming out of the pandemic shut downs, the City issued a total of 340 residential building permits in 2021, more in line with pre-pandemic numbers. Of these permits, 315 were for multi-family rental units, 20 for ADUs, and 5 for single family homes. The apartment units are located at 3820 Chiles (The Celeste) and in The Cannery development. Although not yet online, the units will provide additional workforce housing rental opportunities for Davis' very tight rental market. A total of 18 of the units are deed-restricted, and the City entered into an agreement with the developer of 3820 Chiles for the developer to provide an ongoing annual income stream to the City toward affordable housing.

Other projects that have either received entitlements and are awaiting construction, or are in construction phase include the Nishi project (up to 2200 student-oriented rental beds, including 330 affordable beds), Plaza 2555 (200 units), and University Research Park (160 units). The Ryder on Olive (formerly known as Lincoln 40), a 706-bed rental housing development, opened in October 2021. On the non-residential side of development, Hyatt House, a 118-room hotel, opened its doors in April 2021 in south Davis, which will benefit the City's transient occupancy tax revenues. 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 established a minimum General Fund reserve target that states: "The City shall strive to maintain a General Fund reserve equal to 15% of General Fund expenditures, with up to five percent allocated to special capital projects for roads/paths, facilities and parks". The other ten percent of 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 appropriate level of General Fund reserves shall be reviewed annually.

The City has developed a 20-year General Fund budget 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 and deferred infrastructure maintenance.

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, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. 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 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



Elena Adair
Finance Director

CITY OF DAVIS

PRINCIPAL OFFICIALS

CITY COUNCIL

Mayor, Gloria Partida
Vice Mayor, Lucas Frerichs
Councilmember, Will Arnold
Councilmember, Daniel Carson
Councilmember, Josh Chapman

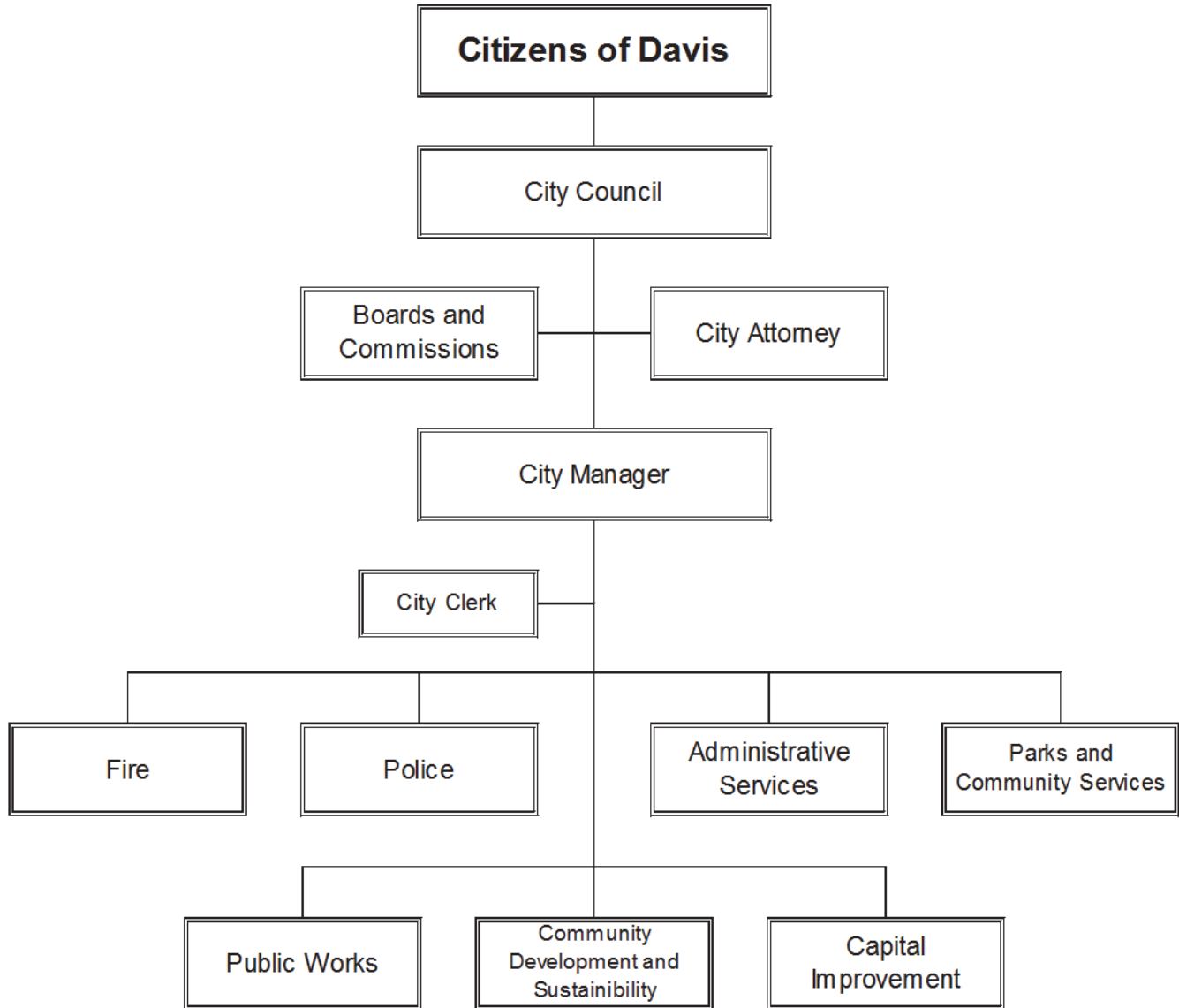
EXECUTIVE MANAGEMENT TEAM

City Manager, Mike Webb
City Attorney, Inder Khalsa
Assistant City Manager, Kelly Stachowicz
Assistant City Manager, Ashley Feeney
Public Works-Engineering & Transportation, Robert Clarke
Public Works-Utilities & Operations Director, Stan Gryczko
Parks and Community Services Director, Dale Summersille
Police Chief, Darren Pytel
Fire Chief, Joseph Tenney
City Clerk, Zoe Mirabile
Finance Director, Elena Adair
Information Technology Director, Jason Best
Human Resources Director, Janet Emmett
Community and Business Engagement Director, Diane Parro

FINANCE STAFF

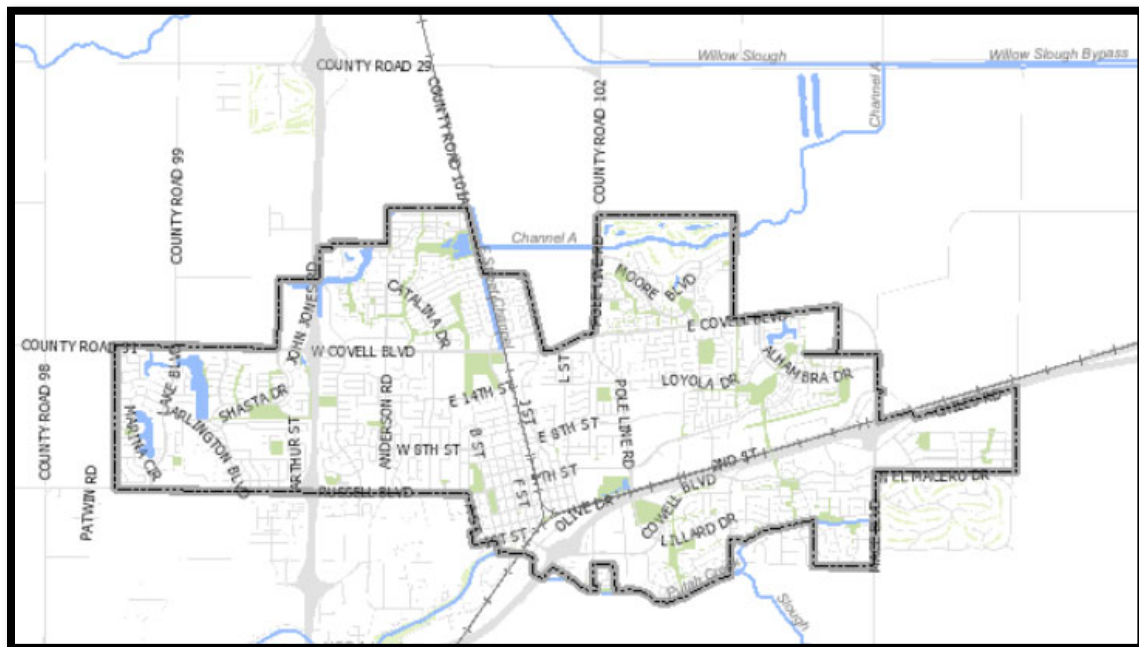
Finance Manager, Bowen Au Young
Accountant, Matthew Nerland
Accountant, Theresa Borrelli

City of Davis Organizational Chart





City of Davis





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Davis
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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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, 2021, 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, 2021, 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.

Change in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 84 – *Fiduciary Activities*, which became effective during the year ended June 30, 2021 and required the restatement of net position of the Custodial Funds as discussed in Note 1O to the financial statements. In addition, the Statement established the new fund type, Custodial Funds, and eliminated the fund type of Agency Funds.

Management also early-adopted the provisions of Governmental Accounting Standards Board Statement No. 98 - *The Annual Comprehensive Financial Report*, for the year ended June 30, 2021, which establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

The emphasis of these matters does not constitute a modification to our opinions.

Emphasis of Matter

As discussed in Note 1S, the City restated and increased the balance of loans receivable in the Low/Mod Housing Special Revenue Fund. 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, Supplementary 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 Supplementary 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 Supplementary 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 January 24, 2024, 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 the effectiveness of the City's 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.

Maize & Associates

Pleasant Hill, California
January 24, 2024

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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, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and Basic Financial Statements.

Financial Highlights

- The City's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources, as of June 30, 2021, by \$530.27 million, an increase of \$12.13 million from the prior year.
- At the close of the fiscal year, the General Fund reported total assets of \$37.19 million and total fund balance of \$22.91 million. This represents an increase in fund balance of \$1.6 million, or 7.5% from prior fiscal year. Of the total fund balance, \$12.98 million, or 57%, was unassigned.
- The focus of FY 2020/21 has been maintaining essential services while addressing COVID-19 community needs. Emergency shelter, rapid testing, and other COVID-19 mitigation programs were supported by the City's partnership with UC Davis to form Healthy Davis Together and federal funding from the CARES Act. The City also was awarded \$19.7 million through the American Rescue Plan Act to continue the City's effort to recover from the economic impacts of this pandemic in the new fiscal year.
- Beginning in fiscal year 2019/20, the City elected not to fund the actuarially determined contribution for the other post-employment benefits (OPEB) and continued to do so in the current fiscal year with an intent to preserve cash in the short term. The citywide impact of this action was \$4.9 million. The City's intent is to resume funding of the full actuarially determined contribution in fiscal year 2023/24.

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 of accounting, 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 governmental 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.

Governmental 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, 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 *Statement of Net Position* presents financial information on all of the City’s assets and liabilities as well as any deferred outflows or inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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. Unlike governmental services, these services are supported by charges paid by users based on the amount of services they use.

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

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government’s near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented *for governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 29 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Development Deferred Improvement Fund and the Low/Mod Housing Fund, all of which are considered to be major funds. Data from the other 26 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 Supplementary Information section of this report.

The City adopts an annual budget for governmental funds that includes both operational and capital improvement expenditures. A budgetary comparison statement has been provided for these funds to demonstrate compliance with the budget.

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.

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 *Custodial Funds* report resources held by the City in a custodial capacity for individuals, private organizations and other governments.

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.

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.

The combining statements and individual fund statements and schedules referred to earlier in connection with Non-major Governmental Funds, Internal Service Funds and Custodial Funds are presented immediately following the required supplementary information on pensions and OPEB.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Table 1 below and Table 2 on the following page present a summary and changes of the City's net position as of June 30, 2021 and June 30, 2020.

Table 1: Statement of Net Position
For the Years Ended June 30, 2021 and 2020
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Cash and investments	\$ 110.11	\$ 98.28	\$ 84.44	\$ 69.38	\$ 194.55	\$ 167.66
Other assets	54.09	46.64	12.09	10.54	66.18	57.18
Capital assets	258.19	256.56	345.10	351.28	603.29	607.84
Total Assets	<u>422.39</u>	<u>401.48</u>	<u>441.63</u>	<u>431.20</u>	<u>864.02</u>	<u>832.68</u>
Deferred outflows of resources	24.94	18.84	7.11	6.46	32.05	25.30
Current and other liabilities	30.59	17.02	13.43	11.51	44.02	28.53
Long-term liabilities	153.45	158.57	146.98	144.46	300.43	303.03
Total Liabilities	<u>184.04</u>	<u>175.59</u>	<u>160.41</u>	<u>155.97</u>	<u>344.45</u>	<u>331.56</u>
Deferred inflows of resources	17.09	6.13	4.26	2.15	21.35	8.28
Net position:						
Net investment in capital assets	256.15	254.34	229.35	239.80	485.50	494.14
Restricted	83.80	75.77			83.80	75.77
Unrestricted	<u>(93.75)</u>	<u>(91.51)</u>	<u>54.72</u>	<u>39.74</u>	<u>(39.03)</u>	<u>(51.77)</u>
Total Net Position	<u>\$ 246.20</u>	<u>\$ 238.60</u>	<u>\$ 284.07</u>	<u>\$ 279.54</u>	<u>\$ 530.27</u>	<u>\$ 518.14</u>

The largest portion of the City's net position is net investment in capital assets with a balance of \$485.50 million, which decreased by \$8.64 million over the prior year as a result of the normal depreciation of capital assets and slow construction progress for various capital improvement projects during the COVID-19 pandemic. 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.

**Table 2: Statement of Changes in Net Position
For the Years Ended June 30, 2021 and 2020
(in millions)**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Expenses						
General government:						
City Council	\$ 0.23	\$ 0.18			\$ 0.23	\$ 0.18
City Attorney	0.26	0.45			0.26	0.45
City Manager	4.03	4.36			4.03	4.36
Administrative Services	3.83	3.89			3.83	3.89
Community Development	5.49	6.64			5.49	6.64
Public Works	15.11	12.68			15.11	12.68
Special Projects	4.48	1.67			4.48	1.67
Parks and Community Services	15.48	16.41			15.48	16.41
Public safety:						
Fire	14.56	18.25			14.56	18.25
Police	22.88	23.14			22.88	23.14
Interest on Long-Term Debt	0.02	0.02			0.02	0.02
Water			\$ 22.08	\$ 22.26	22.08	22.26
Sanitation			13.12	13.42	13.12	13.42
Sewer			15.44	15.34	15.44	15.34
Storm Sewer			3.88	3.99	3.88	3.99
Public transit			6.66	9.91	6.66	9.91
Total Expenses	<u>86.37</u>	<u>87.69</u>	<u>61.18</u>	<u>64.92</u>	<u>147.55</u>	<u>152.61</u>
Revenues						
Program Revenues:						
Charges for Services	13.75	15.84	56.78	56.99	70.53	72.83
Operating Contributions and Grants	15.12	8.56	8.02	9.54	23.14	18.10
Capital Grants and Contributions	4.68	1.78			4.68	1.78
General Revenues:						
Taxes	56.82	53.34			56.82	53.34
Investment income	0.39	3.11	0.28	1.79	0.67	4.90
Miscellaneous	1.16	1.09	0.70	0.82	1.86	1.91
Transfers	0.07	-	(0.07)			-
Total Revenues	<u>91.99</u>	<u>83.72</u>	<u>65.71</u>	<u>69.14</u>	<u>157.70</u>	<u>152.86</u>
Changes in Net Position	5.62	(3.97)	4.53	4.22	10.15	0.25
Net Position - Beginning (As Restated)	240.58	242.57	279.54	275.32	520.12	517.89
Net Position - Ending	<u>\$ 246.20</u>	<u>\$ 238.60</u>	<u>\$ 284.07</u>	<u>\$ 279.54</u>	<u>\$ 530.27</u>	<u>\$ 518.14</u>

Governmental Activities

The City's governmental activities rely on several sources of revenue to finance ongoing operations. The largest revenue sources are comprised of taxes of \$56.82 million, charges for services of \$13.75 million and operating grants & contributions of \$15.12 million. Property tax and sales tax are approximately 62% 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, Federal HOME Grant funding for the housing program, Community Development Block Grant and other one-time grants.

At the end of fiscal year 2020/21, total revenue for governmental activities was \$91.99 million, an \$8.27 million increase from the prior year.

- Program revenues increased by \$7.37 million, with operating contributions and grants increasing \$6.56 million.
 - The significant increase in operating contributions and grants include \$2.73 million from federal grants for coronavirus relief and mitigation and \$0.93 million of state funding from the California State Office of Emergency Services for emergency assistance from the City's fire department in other jurisdictions. Additionally, the City received a \$0.91 million Affordable Housing and Sustainable Communities Grant awarded to a developer towards the construction of the Creekside affordable multi-family housing development.
- General Revenues increased overall by \$0.90 million, with tax revenue increasing by \$3.48 million, offset by a decrease in investment income.
 - Sales tax and cannabis tax revenues increased from \$16.44 million to \$17.46 million and from \$1.31 million to \$2.81 million, respectively, over the prior year primarily due to the unexpected increase in retail activity during the coronavirus pandemic. This increase is consistent with the economic impact observed by other cities throughout California.
 - Investment earnings decreased by \$2.72 million largely due to the overall lower rate of return on investments. Average yield on investments decreased to 0.44% from 1.26% over the prior year on an investment portfolio of approximately \$148.1 million as of June 30, 2021.

Total governmental activities expenses were \$86.37 million, a decrease of \$1.32 million compared to the prior year. This decrease is largely attributed to a decline in fire department expenses of \$3.69 million. In FY 2019/20, the Fire Department had one-time, large litigation settlement costs and higher OPEB and pension expenses compared to current year. The citywide decline was offset by an increase of \$2.8 million in expenses related to newly implemented coronavirus relief and mitigation programs, such as Healthy Davis Together and other emergency shelter programs.

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 increase in 2020/21. Water, Sanitation and Public Transit all had an increase in net position of \$5.62 million, \$0.47 million and \$1.30 million, respectively. The Sewer and Storm Sewer each experienced a deficit change of net position of \$0.90 million and \$1.97 million, respectively. The Sanitation Fund continues to operate at a loss at an ending net position of negative \$3.36 million. The Public Transit Fund experienced a total change in net position of \$1.30 million, increasing the net position to \$2.17 million at the end of the fiscal year.

Operating revenues and non-operating revenues for all Enterprise Funds totaled \$65.71 million. The operating revenue consists of charges for current services, which remained relatively consistent with prior year. Non-operating revenues declined roughly 26% from \$12.15 million in the prior year primarily due to a \$1.52 million decrease in grants and subvention revenue for the Public Transit Fund and a \$1.51 million decrease in investment income for all Enterprise Funds. The City received less Federal Transportation Administration (FTA) grant funding for Unitrans bus operations as a result of a decline in ridership during the COVID-19 pandemic. Low ridership was due to state-wide mandate to shelter-in-place and conversion to remote learning for most UC Davis students.

Overall business-type expenses decreased \$3.74 million to \$61.18 million over the prior year. The decrease is primarily due to a \$3.25 million decrease in operating expenses for the Public Transit Fund as a result of the low ridership during the COVID-19 pandemic as discussed above. Other business-type expenses remained flat and did not have notable changes from prior year.

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.

As of June 30, 2021, the City's governmental funds reported combined fund balances of \$105.58 million, an increase of \$5.32 million compared with last year. The unassigned portion of governmental fund balances was \$12.98 million, which is available for spending at the City's discretion.

Table 3 provides a summary of Governmental and General Fund revenues for the year ended June 30, 2021, and compares the revenues to the prior fiscal year.

**Table 3: Revenues in the Governmental Funds
For the Year Ended June 30, 2021 and 2020**

	Governmental Funds			General Fund *		
	2021	2020	\$ Change	2021	2020	\$ Change
Taxes:						
Property Tax	\$17,329,865	\$16,763,097	\$566,768	\$17,329,865	\$16,286,222	\$1,043,643
Sales tax	17,463,194	16,438,460	1,024,734	17,463,194	16,438,460	1,024,734
Real Property Transfer	302,155	273,338	28,817	302,155	273,338	28,817
Municipal Services	3,338,275	3,203,631	134,644	3,338,275	3,203,631	134,644
Business License/Cannabis	4,803,471	3,379,723	1,423,748	4,803,471	3,379,723	1,423,748
Construction Tax	1,262,963	1,264,079	(1,116)	1,262,963	1,264,079	(1,116)
Franchise	1,807,485	1,441,409	366,076	1,339,166	1,441,409	(102,243)
Transient Occupancy	1,580,278	1,473,308	106,970	1,580,278	1,473,308	106,970
Motor Vehicle in-lieu	7,466,689	7,121,352	345,337	7,466,689	7,121,352	345,337
Park Maintenance	1,468,379	1,420,470	47,909			
Public Safety Tax	594,111	643,259	(49,148)			
Open Space Protection	674,675	657,620	17,055			
Fines and forfeitures	157,374	420,840	(263,466)	152,217	420,840	(268,623)
Use of money and property	1,489,262	3,393,823	(1,904,561)	1,173,085	1,986,393	(813,308)
Intergovernmental	13,801,078	6,181,306	7,619,772	2,389,993	545,416	1,844,577
Charges for current services	12,188,412	11,201,428	986,984	7,027,272	8,125,054	(1,097,782)
Development fees	890,817	1,655,728	(764,911)	30,000		30,000
Administrative fees	2,551,913	2,304,543	247,370	2,551,913	2,304,543	247,370
Other	1,762,086	3,282,805	(1,520,719)	1,537,394	2,457,496	(920,102)
Totals	\$90,932,482	\$82,520,219	\$8,412,263	\$69,747,930	\$66,721,264	\$3,026,666

* The General Fund is a subset of the Governmental funds

General Fund. The General Fund is the primary governmental fund and chief operating fund of the City. The total fund balance for the General Fund increased \$1.6 million. Overall, taxes increased \$4.0 million, largely due to increases in property tax, sales tax and cannabis tax of \$1.04 million, \$1.02 million, and \$1.42 million respectively. Increases in property taxes are primarily due to an increase the property value base within the City. Sales tax increased as online purchases increased during the COVID-19 pandemic lockdowns and with implementation of the Wayfair decision. Included with business license tax is cannabis tax, which increased significantly as the City observed increasing sales trends similar among neighboring cities and counties and throughout California.

Other Governmental Funds. Total revenues for Other Governmental Funds increased over the prior year, a change of \$5.39 million, or approximately 34.1%. Most of the additional revenue were intergovernmental funds received from State and Federal government sources, including a \$9.8 million advance from American Rescue and Reinvestment Act (ARPA). Additionally, the City received \$2.0 million from Department of Transportation for the construction of the Pole Line and Olive Drive connection and 3rd Street improvements. The Office of Emergency Services reimbursed the City’s Fire Department \$0.9 million for their assistance with the LNU Lightning Complex fires and other wild fires in the region. The City also received \$0.8 million in CARES Act grant funding to assist with early COVID-19 pandemic costs.

Overall expenditures for Governmental Funds increased by 7.32% over the prior year, totaling \$85.68 million. Table 4 provides a summary of Governmental and General Fund expenditures for the year ended June 30, 2021 and June 30, 2020.

**Table 4: Expenses in the Governmental Funds
For the Year Ended June 30, 2021 and 2020**

	Governmental Funds			General Fund *		
	2021	2020	Change from Prior Year	2021	2020	Change from Prior Year
City Council	\$208,304	\$187,826	\$20,478	\$208,304	\$187,826	\$20,478
City Attorney	256,964	446,722	(189,758)	256,964	446,722	(189,758)
City Manager	3,911,383	3,905,470	5,913	3,870,443	3,880,567	(10,124)
Administrative Services	3,752,451	3,660,722	91,729	3,101,075	2,937,478	163,597
Community Development	5,337,532	6,010,731	(673,199)	5,309,738	5,952,156	(642,418)
Parks & Community Services	13,337,304	13,895,062	(557,758)	11,643,644	12,015,380	(371,736)
Public Safety	35,884,610	35,431,131	453,479	31,891,154	32,097,082	(205,928)
Public Works	6,406,247	6,581,681	(175,434)	5,209,533	4,736,515	473,018
Special Projects	4,345,561	1,642,268	2,703,293			0
Debt Service	214,021	214,022	(1)	214,021	214,022	(1)
Capital Outlay	12,025,685	7,860,986	4,164,699	1,007,815	283,963	723,852
Totals	\$85,680,062	\$79,836,621	\$5,843,441	\$62,712,691	\$62,751,711	(\$39,020)

* The General Fund is a subset of the Governmental funds

General Fund expenditures decreased minimally by \$0.04 million, and Other Governmental Fund expenditures increased by \$5.88 million. General fund expenditures remained relatively consistent as part of the City’s efforts to preserve short-term resources and to maintain General Fund unassigned fund balance at an appropriate level during the COVID-19 pandemic. The general city services slowed or got suspended as result of the public caution taken during the period of social-distancing and telecommuting. Isolation was very prominent within the community. The City suspended recreation programs facilitated by Parks and Community Services department; thus, experiencing a decrease in expenditures of \$0.37 million and planning and inspection activity decreased within the Community Development department resulting in a decrease of \$0.64 million.

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

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 significantly increased by \$2.63 million to \$3.52 million over the prior year from funding received and awarded to developers for the construction of Adelante Apartments, a 38-unit residential affordable rental property, and Creekside multi-family affordable housing development. Expenditures totaled \$0.99 million and are classified as special projects. On June 30, 2021, the Low/Mod Housing Fund held \$37.74 million in restricted fund balance of which \$36.0 million offsets long-term loans and mortgages.

Development Deferred Improvement Fund. This fund accounts for major project financing fees collected to pay for infrastructure and improvement needs due to the additional burden created by development. This fund experienced a significant decrease in revenues of \$1.62 million (approximately 74%) due to a decline in development fees as a result of suspended development projects during the COVID-19 pandemic. Expenditures increased by \$0.94 million funding capital projects, including the Russell Blvd Bike Path, and various other transportation rehabilitation projects throughout the City, such as the F Street and J Street surface reconstruction projects. With the decreased revenues and increased expenditures, fund balance decreased by \$3.05 million to \$18.49 million.

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 \$26.9 million. The revenues increased by \$0.46 million due slight growth and increased usage. Operating expenses for the Water fund totaled \$20.28 million, a slight increase of \$0.75 million. This is primarily due to the increase in water maintenance expenses of \$1.03 million as the City progresses into new phases of the Supervisory Control and Data Acquisition (SCADA) Water Plan.

Sanitation Fund. This fund had operating revenues of \$13.57 million, an increase of \$0.57 million over the prior year primarily due to an increase in rates effective January 2021. In February 2019, City Council approved annual rate increases that went into effect in March 2019, and will continue through 2023. Primary expenses for waste removal, solid waste management, and street sweeping remained relatively steady at \$13.08 million. Total operating expenses decreased \$0.26 million (roughly two percent) from the prior year. Overall, the net position for the Sanitation fund increased \$0.47 million.

Sewer Fund. Operating revenues in the Sewer Fund were \$14.45 million for the current fiscal year, an decrease of \$1.16 million from the prior year. Sewer charges based on the average consumption of water for November through February remained consistent from the prior year; however, the decrease in charges for services were related to a decline in development impact fees received due to a decline or suspension of developer projects brought by the COVID-19 pandemic. The primary operating expenses for the Sewer Fund are sewage collection and treatment, which remained relatively consistent with prior year, totaled \$14.36 million, an increase \$0.14 million (less than one percent).

Storm Sewer Fund. The operating revenues totaled \$1.84 million with minimal changes over the prior year. Primary operating expenses are for maintenance of the storm drainage system totaling \$1.51 million. Total operating expenses were \$3.88 million. The Storm Sewer Fund ended the year with a decrease in net position of \$1.97 million. A rate study was completed in the current year and a city-wide ballot vote was certified in fiscal year 2021/22.

Public Transit Fund. The revenues in this fund consist primarily of operating grants and contributions from the Federal Transit Administration (FTA) totaling \$3.8 million and the Yolo County Local Transportation Fund (LTF) totaling \$3.67 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 decreased by \$1.52 million (approximately 16%). Operating expenses, which include the provision of public and special transportation services, total \$6.66 million, which reflects a decrease in expenses of \$3.26 million from the prior year due to a suspension of transportation services during the COVID-19 pandemic caused by low ridership and lack of bus drivers. The fund net position was \$2.17 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 Custodial Funds report resources held by the City in a custodial capacity for individuals, private organizations and other governments.

General Fund Budgetary Highlights

Total General Fund revenues were relatively consistent with final budgeted amounts. Sales tax came in \$1.8 million higher than expected, due to the higher than expected consumer purchasing activity seen throughout California. This is offset by charges for current services and other revenue, which were \$1.93 million, and \$1.58 million lower than expected. Charges for current services were lower than expected due to the suspension of various community recreation programs facilitated by the Parks and Community Services department. The City received less from other revenue sources, such as developer contributions, due to the suspension of particular community enhancement projects related to pavement maintenance and sports court rehabilitation. This is consistent with the variances observed within the City's community development and capital outlay expenditures, which were \$1.18 million, and \$2.57 million lower than budgeted due to the suspension of various capital improvement projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the City's investment in capital assets totaled \$603.29 million, net of depreciation, invested in a broad range of capital assets used in governmental and business-type activities, as shown in Table 5 on the following page (further detail can be found in Note 7 in Notes to the Financial Statements):

Table 5: Capital Assets at June 30, 2021 and 2020
(in millions)

	<u>2021</u>	<u>2020</u>	<u>Net Change</u>
Governmental Activities:			
Land	\$ 56.48	\$ 56.48	\$ -
Construction in progress	15.04	13.62	1.42
Buildings and improvements	59.70	56.75	2.95
Equipment	14.35	13.25	1.10
Infrastructure - Streets	289.92	287.36	2.56
Infrastructure - Parks	69.49	68.47	1.02
Infrastructure - Bike/Ped Paths	16.76	15.34	1.42
Total Assets	<u>521.74</u>	<u>511.27</u>	<u>10.47</u>
Less accumulated depreciation	<u>(263.55)</u>	<u>(254.71)</u>	<u>(8.84)</u>
Net Governmental Assets	<u>\$ 258.19</u>	<u>\$ 256.56</u>	<u>\$ 1.63</u>
Business-Type Activities:			
Land	\$ 21.78	\$ 21.78	\$ -
Construction in progress	5.46	3.41	2.05
Buildings	231.93	231.68	0.25
Pipes and Lines	229.44	226.76	2.68
Equipment	25.45	25.33	0.12
Intangible Assets	23.47	23.47	-
Total Assets	<u>537.53</u>	<u>532.43</u>	<u>5.10</u>
Less accumulated depreciation	<u>(192.43)</u>	<u>(181.15)</u>	<u>(11.28)</u>
Net Business-Type Assets	<u>\$ 345.10</u>	<u>\$ 351.28</u>	<u>\$ (6.18)</u>

Total capital assets, before depreciation, increased by \$15.57 million, with the majority of the change in governmental activities. Governmental activities assets had \$12.79 million in additions and \$2.3 million in disposals. The additions included large CIP projects, such as Pole Line Road and Olive Drive connection, but also included smaller expenditures such as acquisition of new vehicles and purchases to replace old equipment.

Business-type activities included the completion of the El Macero Sewer Lift Station and the water main replacement on Acacia Lane and Cornell Drive, as well as Torrey Street and Nandina Place.

Debt Administration

The City's debt issues are discussed in detail in Note 9 in Notes to the Financial Statements. On June 30, 2021, the City's debt comprised:

Table 6: Outstanding Debt at June 30, 2021 and 2020
(in millions)

	<u>2021</u>	<u>2020</u>	<u>Net Change</u>
Governmental activities:			
Long-Term Debt	\$ 2.03	\$ 2.22	\$ (0.19)
Business-type activities:			
Long-Term Debt	<u>96.27</u>	<u>91.50</u>	<u>4.77</u>
Total	<u>\$ 98.30</u>	<u>\$ 93.72</u>	<u>\$ 4.58</u>

Long-term debt for both the governmental and business-type activities increased by \$4.58 million in fiscal year 2020/21. The Business-type activities long-term debt increased by \$4.77 million. The increase is due to a \$7.95 million draw down of funds from the State Water Resource Control Board loan offset by regularly scheduled debt service payments.

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.

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 \$23.58 million with related unamortized premiums of \$2.5 million, which will be amortized over the life of the bonds.

Special Assessment District Debt

On June 30, 2021, a total of \$24.61 million in special assessment district debt was outstanding, issued by four 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 continued to grapple with maintaining current levels of services as costs continued to rise while combating the economic impacts of the COVID-19 pandemic. Cannabis revenues and sales tax revenue increased but are not expected maintain such rates of growth in the following fiscal year. The City received federal funding from the American Rescue Plan Act (ARPA) of approximately \$20 million and will be making key decisions in the near future for its use. 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. The City will be pursuing solutions to increasing liabilities, such as deferred maintenance for infrastructure and post-employment benefits. City Council and staff are dedicated to prudent fiscal management to ensure the continued financial health of the City.

In 2019, the City was able to refund its redevelopment bonds. The State has provided final approvals, and those proceeds are now available for the City to use on eligible projects.

Next Year's Budget

Over the past year, the City worked to revamp the budget document to providing greater transparency in how funds have been spent and are proposed to be spent for the next two-year period. Expanded information about each of the City's funds has been included, and the departmental pages have been reconstructed to provide information the the general public should find helpful and informative. These changes also enable the City to meet certain accounting requirements necessary for governmental accounting. As such, comparing some departmental line items to past years will not provide apples for apples comparison, although the changes will allow for easier comparisons from this point forward.

Total all funds revenue for fiscal year 2021/22 is budgeted at \$225.64 million with General Fund revenues totaling \$72.31 million. Property Tax revenue for fiscal year 2020/21 is budgeted at \$24.8 million and sales taxes are expected to total \$16.9 million.

Total all funds expenditures for the City in FY 2021/22 are budgeted at \$230.64 million with General Fund expenditures totaling \$72.88 million. Budgeted expenditures exceed expected revenue due to carryover of encumbrances for capital projects from the previous year. The City will engage in a total of 50 separate capital projects over the course of the 2021/22 budget year, with total capital expenditures accounting for \$26.67 million of the Adopted all funds budget. The proposed FY 2021/22 and FY 2022/23 budget includes funding for maintenance of streets; Richards Boulevard interchange project (\$1.33 million), Anderson/Chavez Elementary frontage improvements (\$2.39 million), Mace Boulevard (\$1.31 million), and upgrades to various parks and recreation amenities.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. For further questions about this report or to obtain additional financial information, 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 of resources and the City's total liabilities and deferred inflows of resources, 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, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments (Note 4)	\$110,108,009	\$80,967,409	\$191,075,418
Cash and investments with fiscal agents (Note 4)		3,465,585	3,465,585
Accrued interest	44,362		44,362
Receivables:			
General accounts	11,294,771	745,218	12,039,989
Grants	3,898,661	3,232,310	7,130,971
Utility accounts	611,806	8,209,775	8,821,581
Loans (Note 6)	37,494,940		37,494,940
Mortgages (Note 6)	363,331		363,331
Inventory (Note 11)	301,977		301,977
Internal balances (Note 5D)	94,965	(94,965)	
Capital assets (Note 7):			
Non-depreciable	71,519,235	27,246,442	98,765,677
Depreciable, net of depreciation	186,666,373	317,856,798	504,523,171
Total Assets	<u>422,398,430</u>	<u>441,628,572</u>	<u>864,027,002</u>
DEFERRED OUTFLOWS OF RESOURCES			
Related to OPEB (Note 13)	5,925,892	1,448,515	7,374,407
Related to pension (Note 12)	19,009,415	5,658,464	24,667,879
Total Assets and Deferred Outflows of Resources	<u>447,333,737</u>	<u>448,735,551</u>	<u>896,069,288</u>
LIABILITIES			
Payables:			
Accounts and other accrued liabilities	4,545,401	4,950,909	9,496,310
Wages	2,551,695	392,169	2,943,864
Grants	23,932		23,932
Interest		1,185,203	1,185,203
Deposits	9,599,620	55,626	9,655,246
Unearned revenue (Note 8)	11,498,338	2,574,896	14,073,234
Claims payable (Note 15):			
Due within one year	117,593		117,593
Due in more than one year	62,924		62,924
Compensated absences (Note 3):			
Due within one year	2,629,362	577,234	3,206,596
Due in more than one year	1,779,076		1,779,076
Long-term debt (Note 9):			
Due within one year	194,186	3,169,441	3,363,627
Due in more than one year	1,837,591	93,098,004	94,935,595
Long-term note payable to JPA (Note 16)			
Due within one year		533,772	533,772
Due in more than one year		18,951,753	18,951,753
OPEB liability, due in more than one year (Note 13)	32,079,267	8,432,145	40,511,412
Net pension liability, due in more than one year (Note 12)	117,123,549	26,490,190	143,613,739
Total Liabilities	<u>184,042,534</u>	<u>160,411,342</u>	<u>344,453,876</u>
DEFERRED INFLOWS OF RESOURCES			
Related to OPEB (Note 13)	15,903,171	2,802,833	18,706,004
Related to pension (Note 12)	1,188,855	1,453,267	2,642,122
Total Liabilities and Deferred Inflows of Resources	<u>201,134,560</u>	<u>164,667,442</u>	<u>365,802,002</u>
NET POSITION (Note 1M):			
Net investment in capital assets	256,153,831	229,350,270	485,504,101
Restricted for:			
Capital projects	33,202,463		33,202,463
Housing	40,640,879		40,640,879
Special revenue projects	9,958,953		9,958,953
Total Restricted Net Position	<u>83,802,295</u>		<u>83,802,295</u>
Unrestricted	<u>(93,756,949)</u>	<u>54,717,839</u>	<u>(39,039,110)</u>
Total Net Position	<u>\$246,199,177</u>	<u>\$284,068,109</u>	<u>\$530,267,286</u>

See accompanying notes to financial statements

CITY OF DAVIS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
City Council	\$230,034			
City Attorney	256,964			
City Manager	4,028,328	\$706,395	\$1,452,511	\$402,830
Administrative services	3,828,240	3,071,330		
Community development	5,494,599	3,672,522	369,170	20,012
Parks and community services	15,484,932	1,110,320	838,591	121,247
Public safety - fire	14,557,761	1,333,588	2,691,952	
Public safety - police	22,882,808	515,896	2,848,363	
Public works	15,114,787	1,313,032	3,415,730	3,892,856
Special projects	4,476,803	2,028,222	3,507,316	242,510
Interest and fiscal charges	21,762			
Total Governmental Activities	86,377,018	13,751,305	15,123,633	4,679,455
Business-type Activities:				
Water	22,083,798	26,908,454		
Sanitation	13,115,770	13,567,536		
Sewer	15,444,141	14,454,518		
Storm sewer	3,882,431	1,841,412		
Public transit	6,655,463	11,654	8,018,644	
Total Business-type Activities	61,181,603	56,783,574	8,018,644	
Total	\$147,558,621	\$70,534,879	\$23,142,277	\$4,679,455

General revenues:

Taxes:

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

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in Net Position

Beginning Net Position, As Restated (Note 1S)

Ending Net Position

See accompanying notes to financial statements

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
(\$230,034)		(\$230,034)
(256,964)		(256,964)
(1,466,592)		(1,466,592)
(756,910)		(756,910)
(1,432,895)		(1,432,895)
(13,414,774)		(13,414,774)
(10,532,221)		(10,532,221)
(19,518,549)		(19,518,549)
(6,493,169)		(6,493,169)
1,301,245		1,301,245
(21,762)		(21,762)
<u>(52,822,625)</u>		<u>(52,822,625)</u>
	\$4,824,656	4,824,656
	451,766	451,766
	(989,623)	(989,623)
	(2,041,019)	(2,041,019)
	1,374,835	1,374,835
	<u>3,620,615</u>	<u>3,620,615</u>
<u>(52,822,625)</u>	<u>3,620,615</u>	<u>(49,202,010)</u>
17,632,020		17,632,020
17,463,194		17,463,194
7,466,689		7,466,689
3,338,275		3,338,275
4,803,471		4,803,471
1,468,379		1,468,379
1,262,963		1,262,963
1,807,485		1,807,485
1,580,278		1,580,278
390,803	282,124	672,927
1,166,900	686,763	1,853,663
65,621	(65,621)	
<u>58,446,078</u>	<u>903,266</u>	<u>59,349,344</u>
5,623,453	4,523,881	10,147,334
240,575,724	279,544,228	520,119,952
<u>\$246,199,177</u>	<u>\$284,068,109</u>	<u>\$530,267,286</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 2021. Individual non-major funds may be found in the Supplementary Information 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.

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 those to be constructed at a later date.

CITY OF DAVIS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021

	General	Low/Mod Housing Fund	Development Deferred Improvement
ASSETS			
Cash and investments (Note 4)	\$24,017,857	\$2,150,705	\$19,138,141
Accrued interest	44,362		
Receivables:			
General accounts	9,613,818	58,168	
Grants	877,648	723,013	
Utility accounts	321,095		
Loans (Note 6)	167,995	35,656,723	18,375
Mortgages (Note 6)		363,331	
Due from other funds (Note 5B)	2,152,207		
Total Assets	<u>\$37,194,982</u>	<u>\$38,951,940</u>	<u>\$19,156,516</u>
LIABILITIES			
Payables:			
Accounts and other accrued liabilities	\$1,464,598	\$172,287	\$512,879
Wages	2,360,456	4,006	
Grants			23,932
Deposits	9,441,401	26,006	132,213
Unearned revenue (Note 8)	286,244		
Due to other funds (Note 5B)			
Total Liabilities	<u>13,552,699</u>	<u>202,299</u>	<u>669,024</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue (Note 8)	733,085	648,097	
Unavailable mortgages (Note 8)		363,331	
Total Deferred Inflows of Resources	<u>733,085</u>	<u>1,011,428</u>	
FUND BALANCES			
Fund balance (Note 11):			
Nonspendable	167,995		
Restricted		37,738,213	18,487,492
Committed	3,129,470		
Assigned	6,631,103		
Unassigned	12,980,630		
Total Fund Balances	<u>22,909,198</u>	<u>37,738,213</u>	<u>18,487,492</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$37,194,982</u>	<u>\$38,951,940</u>	<u>\$19,156,516</u>

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$35,137,140	\$80,443,843 44,362
1,486,975	11,158,961
2,298,000	3,898,661
290,711	611,806
1,651,847	37,494,940
	363,331
	2,152,207
<u>\$40,864,673</u>	<u>\$136,168,111</u>
\$1,916,905	\$4,066,669
40,631	2,405,093
	23,932
	9,599,620
11,212,094	11,498,338
1,129,881	1,129,881
<u>14,299,511</u>	<u>28,723,533</u>
115,722	1,496,904
	363,331
<u>115,722</u>	<u>1,860,235</u>
	167,995
23,492,351	79,718,056
2,957,089	6,086,559
	6,631,103
	12,980,630
<u>26,449,440</u>	<u>105,584,343</u>
<u>\$40,864,673</u>	<u>\$136,168,111</u>

CITY OF DAVIS
RECONCILIATION OF THE
GOVERNMENTAL FUNDS - BALANCE SHEET
TO THE GOVERNMENT-WIDE
STATEMENT OF NET POSITION
JUNE 30, 2021

Total fund balances reported on the governmental funds balance sheet \$105,584,343

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. 251,886,367

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	29,664,166
Accrued interest	
Accounts receivable	135,810
Inventory	301,977
Capital assets, net	6,299,241
Accounts payable	(478,732)
Wages payable	(146,602)
Claims payable	(180,517)
Leave benefits payable	(319,712)
Net pension liability and related deferred outflows and inflows of resources	(4,059,017)
Net OPEB liability and related deferred outflows and inflows of resources	(6,142,496)
Internal balances	(927,361)

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. 1,860,235

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	(2,031,777)
Net OPEB liability and related deferred outflows and inflows of resources	(35,914,050)
Net pension liability and related deferred outflows and inflows of resources	(95,243,972)
Non-current portion of compensated absences	(4,088,726)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$246,199,177

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, 2021

	General	Low/ Mod Housing Fund	Development Deferred Improvement
REVENUES			
Taxes	\$54,886,056		
Fines and forfeitures	152,217		
Use of money and property	1,173,085	\$185,576	\$80,429
Intergovernmental	2,389,993	1,109,421	
Charges for current services	7,027,272	2,229,741	
Development fees	30,000		483,383
Administrative fee - other funds	2,551,913		
Other	1,537,394	(4,096)	
Total Revenues	69,747,930	3,520,642	563,812
EXPENDITURES			
Current:			
City Council	208,304		
City Attorney	256,964		
City Manager	3,870,443		
Administrative services	3,101,075		
Community development	5,309,738		
Parks and community services	11,643,644		
Public safety - fire	12,192,575		
Public safety - police	19,698,579		
Public works	5,209,533		
Special projects		994,878	
Debt Service:			
Principal	192,259		
Interest	21,762		
Capital outlay	1,007,815		3,615,888
Total Expenditures	62,712,691	994,878	3,615,888
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	7,035,239	2,525,764	(3,052,076)
OTHER FINANCING SOURCES (USES):			
Transfers in (Note 5A)	37,605		
Transfers out (Note 5A)	(5,471,202)		
Total other financing sources (uses)	(5,433,597)		
NET CHANGE IN FUND BALANCES	1,601,642	2,525,764	(3,052,076)
BEGINNING FUND BALANCES, AS RESTATED (NOTE 1S)	21,307,556	35,212,449	21,539,568
ENDING FUND BALANCES	\$22,909,198	\$37,738,213	\$18,487,492

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$3,205,484	\$58,091,540
5,157	157,374
50,172	1,489,262
10,301,664	13,801,078
2,931,399	12,188,412
377,434	890,817
	2,551,913
228,788	1,762,086
17,100,098	90,932,482
	208,304
	256,964
40,940	3,911,383
651,376	3,752,451
27,794	5,337,532
1,693,660	13,337,304
2,176,587	14,369,162
1,816,869	21,515,448
1,196,714	6,406,247
3,350,683	4,345,561
	192,259
	21,762
7,401,982	12,025,685
18,356,605	85,680,062
(1,256,507)	5,252,420
5,536,823	5,574,428
(37,605)	(5,508,807)
5,499,218	65,621
4,242,711	5,318,041
22,206,729	100,266,302
\$26,449,440	\$105,584,343

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, 2021

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 \$5,318,041

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.

Capital outlay and improvement expenditures are added back to fund balance	11,188,828
Depreciation expense is deducted from the fund balance (Depreciation expense is net of internal service fund depreciation of \$936,551 which has already been allocated to serviced funds.)	(8,258,385)
Retirements are deducted from fund balance	(1,586,701)

LONG-TERM DEBT

Repayment of debt principal is added back to fund balance	192,259
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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	886,578
Compensated absences	(689,066)
Net OPEB liability and related deferred outflows and inflows of resources	1,635,553
Net pension liability and related deferred outflows and inflows of resources	(2,665,471)

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	<u>(398,183)</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$5,623,453</u></u>
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See accompanying notes to financial statements

PROPRIETARY FUNDS

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

The City reports all of its enterprise funds as major funds.

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, 2021

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
ASSETS				
Current Assets:				
Cash and investments (Note 4)	\$47,882,416	\$2,748,926	\$24,617,710	\$4,893,519
Cash and investments with fiscal agents (Note 4)	1,371,055		2,094,530	
Receivables:				
General accounts	492,674	6,006	245,938	
Grants				
Utility accounts	5,085,538	1,455,067	1,290,705	378,465
Inventory (Note 11)				
Total Current Assets	<u>54,831,683</u>	<u>4,209,999</u>	<u>28,248,883</u>	<u>5,271,984</u>
Noncurrent Assets:				
Advances to other funds (Note 5C)			5,000,000	
Capital Assets (Note 7)				
Non-depreciable				
Land and construction in progress	2,406,071		20,333,984	4,506,387
Depreciable				
Accumulated depreciation	215,034,674		187,615,244	103,313,521
	<u>(72,739,690)</u>		<u>(64,834,425)</u>	<u>(52,559,156)</u>
Total Noncurrent Assets	<u>144,701,055</u>		<u>148,114,803</u>	<u>55,260,752</u>
Total Assets	<u>199,532,738</u>	<u>4,209,999</u>	<u>176,363,686</u>	<u>60,532,736</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pension (Note 12)	2,219,428	347,013	2,336,934	562,743
Related to OPEB (Note 13)	534,581	123,621	604,170	130,709
Total Deferred Outflows of Resources	<u>2,754,009</u>	<u>470,634</u>	<u>2,941,104</u>	<u>693,452</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	619,989	1,032,823	530,906	83,937
Wages payable	121,610	28,152	177,340	40,613
Interest payable	653,106		532,097	
Compensated absences (Note 3)	185,888	42,567	281,916	38,711
Deposits	44,625		10,000	
Unearned revenue (Note 8)		1,278,847	1,139,389	156,660
Due to other funds (Note 5B)				
Claims payable (Note 15)				
Long-term debt, due in one year (Note 9)	1,788,938		1,380,503	
Long-term note payable to JPA, due in one year (Note 16)	533,772			
Total Current Liabilities	<u>3,947,928</u>	<u>2,382,389</u>	<u>4,052,151</u>	<u>319,921</u>
Noncurrent Liabilities:				
Advances from other funds (Note 5C)		3,000,000		2,094,965
Net OPEB Liability (Note 13)	3,175,595	697,894	3,494,086	758,693
Claims payable (Note 15)				
Net pension liability (Note 12)	10,268,943	1,685,620	10,884,917	2,705,277
Long-term debt, due in more than one year (Note 9)	46,876,706		46,221,298	
Long-term note payable to JPA, due in more than one year (Note 16)	18,951,753			
Total Noncurrent Liabilities	<u>79,272,997</u>	<u>5,383,514</u>	<u>60,600,301</u>	<u>5,558,935</u>
Total Liabilities	<u>83,220,925</u>	<u>7,765,903</u>	<u>64,652,452</u>	<u>5,878,856</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pension (Note 12)	612,200	65,052	559,749	173,658
Related to OPEB (Note 13)	888,060	211,506	1,282,263	293,450
Total Deferred Inflows of Resources	<u>1,500,260</u>	<u>276,558</u>	<u>1,842,012</u>	<u>467,108</u>
NET POSITION (Note 1M):				
Net investment in capital assets	76,549,886		95,513,002	55,260,752
Unrestricted	41,015,676	(3,361,828)	17,297,324	(380,528)
Total Net Position	<u>\$117,565,562</u>	<u>(\$3,361,828)</u>	<u>\$112,810,326</u>	<u>\$54,880,224</u>

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
\$824,838	\$80,967,409 3,465,585	\$29,664,166
600 3,232,310	745,218 3,232,310 8,209,775	135,810
		301,977
<u>4,057,748</u>	<u>96,620,297</u>	<u>30,101,953</u>
	5,000,000	94,965
	27,246,442	424,665
4,327,247 (2,300,617)	510,290,686 (192,433,888)	16,373,271 (10,498,695)
<u>2,026,630</u>	<u>350,103,240</u>	<u>6,394,206</u>
<u>6,084,378</u>	<u>446,723,537</u>	<u>36,496,159</u>
192,346 55,434	5,658,464 1,448,515	3,464,561 877,616
<u>247,780</u>	<u>7,106,979</u>	<u>4,342,177</u>
2,683,254 24,454	4,950,909 392,169 1,185,203	478,732 146,602
28,152 1,001	577,234 55,626 2,574,896	319,712
		1,022,326 117,593
	3,169,441 533,772	
<u>2,736,861</u>	<u>13,439,250</u>	<u>2,084,965</u>
305,877	5,094,965 8,432,145	5,927,525 62,924
945,433	26,490,190 93,098,004 18,951,753	7,249,862
<u>1,251,310</u>	<u>152,067,057</u>	<u>13,240,311</u>
<u>3,988,171</u>	<u>165,506,307</u>	<u>15,325,276</u>
42,608 127,554	1,453,267 2,802,833	273,716 1,092,587
<u>170,162</u>	<u>4,256,100</u>	<u>1,366,303</u>
2,026,630 147,195	229,350,270 54,717,839	6,299,241 17,847,516
<u>\$2,173,825</u>	<u>\$284,068,109</u>	<u>\$24,146,757</u>

CITY OF DAVIS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUE, EXPENSES
 AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
OPERATING REVENUES				
Charges for current services	\$26,908,454	\$13,567,536	\$14,454,518	\$1,841,412
Total Operating Revenues	<u>26,908,454</u>	<u>13,567,536</u>	<u>14,454,518</u>	<u>1,841,412</u>
OPERATING EXPENSES				
Administrative and billing	824,149	445,671	1,452,483	209,978
Payments to general government	539,593	89,849	274,715	58,573
Water production	8,961,414			
Water distribution	3,785,795			
Water system maintenance	1,410,114			
Street sweeping		551,077		
Waste removal and solid waste management		12,020,227		
Sewage collection			1,465,664	
Sewage treatment			7,061,758	
Storm drainage system maintenance				1,506,468
Public transportation service				
Special transportation service				
Central stores				
Central equipment				
Duplication - postal				
City administrative facility maintenance				
Insurance administration				
Insurance premiums and claims payments				
MIS services				
OPEB expense	(94,390)	(23,154)	(138,441)	(31,470)
Depreciation	4,852,607		4,244,372	2,054,062
Other				84,820
Total Operating Expenses	<u>20,279,282</u>	<u>13,083,670</u>	<u>14,360,551</u>	<u>3,882,431</u>
Operating Income (Loss)	<u>6,629,172</u>	<u>483,866</u>	<u>93,967</u>	<u>(2,041,019)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	211,455	3,706	67,226	9,852
Interest (expense)	(1,804,516)	(32,100)	(1,083,590)	
Grants and subventions				
Loss on retirement of capital assets				
Other	581,226	19,078	27,070	59,389
Total Nonoperating Revenues (Expenses)	<u>(1,011,835)</u>	<u>(9,316)</u>	<u>(989,294)</u>	<u>69,241</u>
Income (Loss) before transfers	5,617,337	474,550	(895,327)	(1,971,778)
Transfers in				
Transfers (out)				
Change in net position	5,617,337	474,550	(895,327)	(1,971,778)
BEGINNING NET POSITION	<u>111,948,225</u>	<u>(3,836,378)</u>	<u>113,705,653</u>	<u>56,852,002</u>
ENDING NET POSITION	<u>\$117,565,562</u>	<u>(\$3,361,828)</u>	<u>\$112,810,326</u>	<u>\$54,880,224</u>

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
\$11,654	\$56,783,574	\$24,107,689
11,654	56,783,574	24,107,689
	2,932,281	
	962,730	
	8,961,414	
	3,785,795	
	1,410,114	
	551,077	
	12,020,227	
	1,465,664	
	7,061,758	
	1,506,468	
5,839,548	5,839,548	
691,745	691,745	
		441,170
		1,886,198
		122,283
		2,800,919
		620,853
		12,554,551
		2,730,231
(14,011)	(301,466)	2,661,736
138,181	11,289,222	937,368
	84,820	
6,655,463	58,261,397	24,755,309
(6,643,809)	(1,477,823)	(647,620)
(10,115)	282,124	(53,908)
8,018,644	(2,920,206)	
	8,018,644	
	686,763	303,345
8,008,529	6,067,325	249,437
1,364,720	4,589,502	(398,183)
(65,621)	(65,621)	137,529
		(137,529)
1,299,099	4,523,881	(398,183)
874,726	279,544,228	24,544,940
\$2,173,825	\$284,068,109	\$24,146,757

CITY OF DAVIS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2021

	Business-type Activities-Enterprise Funds			
	Water	Sanitation	Sewer	Storm Sewer
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$27,056,111	\$13,527,428	\$14,585,758	\$1,933,815
Receipts from interfund charges				
Payments to suppliers	(13,602,002)	(12,496,106)	(8,195,071)	(1,432,809)
Payments to employees	(1,275,027)	(523,981)	(1,559,322)	(235,059)
Claims paid and claims adjustments				
Other revenue (expenses)				(84,820)
Cash Flows from Operating Activities	<u>12,179,082</u>	<u>507,341</u>	<u>4,831,365</u>	<u>181,127</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating grants and contributions				
Interfund receipts				
Interfund (payments)				(59,482)
Cash Flows from Noncapital Financing Activities				<u>(59,482)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisitions of capital assets	(1,378,225)		(4,195,015)	(72,113)
Issuance of long-term debt	7,948,438			
Principal payments on capital debt	(2,315,512)		(1,360,102)	
Interest paid	(1,765,279)	(32,100)	(734,425)	
Cash Flows from Capital and Related Financing Activities	<u>2,489,422</u>	<u>(32,100)</u>	<u>(6,289,542)</u>	<u>(72,113)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	308,261	11,131	149,663	25,223
Cash Flows from Investing Activities	<u>308,261</u>	<u>11,131</u>	<u>149,663</u>	<u>25,223</u>
Net Cash Flows	14,976,765	486,372	(1,308,514)	74,755
Cash and investments at beginning of period	34,276,706	2,262,554	28,020,754	4,818,764
Cash and investments at end of period	<u>\$49,253,471</u>	<u>\$2,748,926</u>	<u>\$26,712,240</u>	<u>\$4,893,519</u>
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:				
Operating income (loss)	\$6,629,172	\$483,866	\$93,967	(\$2,041,019)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	4,852,607		4,244,372	2,054,062
Other non operating income	581,226	19,078	27,070	59,389
Loss on retirement of capital assets	126,096		451,242	11,083
Change in assets and liabilities:				
Receivables:				
General accounts	37,925	(1,133)	120,038	
Utility accounts	(471,494)	(281,079)	(15,868)	(20,811)
Prepaid expenses				
Inventory				
Accounts payable	429,225	75,198	(118,891)	62,576
Wages payable	(395)	5,513	(3,118)	1,852
Leave benefits payable	(9,597)	(14,411)	20,579	(1,747)
Claims payable				
Unearned revenue		223,026	8,413	53,825
Net OPEB liability, and related deferred outflows and deferred inflows	(94,389)	(23,154)	(138,441)	(31,470)
Net pension liability, and related deferred outflows and deferred inflows	98,706	20,437	142,002	33,387
Cash Flows from Operating Activities	<u>\$12,179,082</u>	<u>\$507,341</u>	<u>\$4,831,365</u>	<u>\$181,127</u>
NONCASH TRANSACTIONS				
Retirement of capital assets	(\$126,096)		(\$451,242)	(\$11,083)

See accompanying notes to financial statements

Public Transit	Totals	Governmental Activities- Internal Service Funds
\$11,654	\$57,114,766	
(6,018,384)	(41,744,372)	\$24,865,162
	(3,593,389)	(17,083,094)
	(84,820)	(4,980,854)
		(38,945)
<u>(6,006,730)</u>	<u>11,692,185</u>	<u>2,762,269</u>
7,510,100	7,510,100	
(610,028)	(669,510)	197,011
<u>6,900,072</u>	<u>6,840,590</u>	<u>(1,047,302)</u>
(59,221)	(5,704,574)	(1,603,442)
	7,948,438	
	(3,675,614)	
	(2,531,804)	
<u>(59,221)</u>	<u>(3,963,554)</u>	<u>(1,603,442)</u>
(9,283)	484,995	32,152
<u>(9,283)</u>	<u>484,995</u>	<u>32,152</u>
824,838	15,054,216	340,688
	69,378,778	29,323,478
<u>\$824,838</u>	<u>\$84,432,994</u>	<u>\$29,664,166</u>
(\$6,643,809)	(\$1,477,823)	(\$647,620)
138,181	11,289,222	937,368
	686,763	303,345
	588,421	383,617
(600)	156,230	482,253
	(789,252)	
		984,714
		(22,288)
487,571	935,679	266,738
5,345	9,197	36,650
5,137	(39)	77,739
		(38,945)
	285,264	
(14,011)	(301,465)	(114,596)
15,456	309,988	113,294
<u>(\$6,006,730)</u>	<u>\$11,692,185</u>	<u>\$2,762,269</u>
	<u>(\$588,421)</u>	<u>(\$383,617)</u>

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FIDUCIARY FUNDS

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the City as an agent or custodian for other entities. The financial activities of such funds are excluded from the Government-wide financial statements and present fund statements that consist of a Statement of Net Position and a Statement of Changes in Net Position.

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.

CUSTODIAL FUNDS

Custodial funds are used to report resources, not in a trust, that are held by the City for individuals, private organizations, and other governments outside of the City's reporting entity. 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, 2021

	RDA Obligation Retirement Private-Purpose Trust Fund	<u>Custodial Funds</u>	
		<u>Custodial Funds</u>	<u>External Investment Pool Fund</u>
ASSETS			
Current assets:			
Cash and investments (Note 4)	\$2,010,078	\$6,160,446	\$748,499
Cash and investments with fiscal agents (Note 4)	6,158,815	1,699,863	
Accounts receivable		132,132	
Loans receivable (Note 6)	186,526		
Accrued interest receivable			
	<u>8,355,419</u>	<u>7,992,441</u>	<u>748,499</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount on refunding	<u>2,420,093</u>		
LIABILITIES			
Current liabilities:			
Accounts payable	44,530		
Interest payable (Note 19D)	224,993		
Long-term debt, due in one year (Note 19E)	1,200,000		
Due to bondholders		4,454,548	
Noncurrent liabilities:			
Long-term debt, due in more than one year (Note 19E)	<u>22,380,606</u>		
	<u>23,850,129</u>	<u>4,454,548</u>	
NET POSITION			
Restricted for:			
Other agencies and organizations	(13,074,617)	3,537,893	
Pool participant			748,499
	<u>(\$13,074,617)</u>	<u>\$3,537,893</u>	<u>\$748,499</u>

See accompanying notes to financial statements

CITY OF DAVIS
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2021

	RDA Obligation Retirement Private-Purpose Trust Fund	Custodial Funds	
		Custodial Funds	External Investment Pool Fund
ADDITIONS			
Property tax revenues	\$1,894,326	\$2,848,804	
Investment earnings	67,013	9,338	(\$67,916)
Other		50,000	
Total additions	1,961,339	2,908,142	(67,916)
DEDUCTIONS			
Program expenses	12,500		
Interest and fiscal charges	708,940		
Payments to bondholders		2,888,045	
Other payments		152,640	11,297,931
Total deductions	721,440	3,040,685	11,297,931
CHANGES IN NET POSITION	1,239,899	(132,543)	(11,365,847)
Beginning net position, as restated (Note 1P)	(14,314,516)	3,670,436	12,114,346
Ending net position	(\$13,074,617)	\$3,537,893	\$748,499

See accompanying notes to financial statements

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CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, thus, 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 "blended") 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 Custodial 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, except for the share of any remaining risk pool liabilities for YCPARMIA (See Note 15). 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, 2021

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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LOW/MOD HOUSING FUND

The purpose of the 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.

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 those to 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 and maintenance.

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 and maintenance.

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 and maintenance.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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 for 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, the City's self-insurance and employee benefits; 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 statements, 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.

CUSTODIAL FUNDS

Custodial Funds are used to report resources, not in a trust, that are held by the City for individuals, private organizations, and other governments outside of the City's reporting entity. The City has five custodial funds: Public Facilities Financing Authority, Mello Roos Community Facilities District, University Research Park, Special Assessment Parking District #3, and Cannery Community Facilities District and Debt Service Fund. In addition, a custodial fund is used to account for monies held for an external investment pool for the Woodland-Davis Clean Water Agency JPA, which are not held in a trust.

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, 2021

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 types of service charges 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 three 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, 2021

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 acquisition 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 estimated acquisition value on the date donated. 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
Bike and Pedestrian Pathways	30-75 years
Utility Underground Systems and Intangible Assets	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, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. *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 assets 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City 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 three sources: intergovernmental, special assessments and mortgages receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

M. *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 net position.

N. *Fund Balance*

The City's fund balances are classified based on spending constraints imposed on the use of resources. Each category in the following hierarchy is ranked according to the degree of spending constraint:

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Committed fund balances have constraints imposed by formal action (ordinance or resolution, 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.

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.

O. *Implementation of Governmental Accounting Standards Board (GASB) Pronouncements*

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2021.

GASB 84 – *Fiduciary Activities* – The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. As a result, the City determined that the activities of the Woodland-Davis Clean Water Agency JPA previously reported in an Agency Fund would instead be reported in an External Investment Pool Custodial Fund and, therefore, beginning net position of the fund was restated in the amount of \$12,114,346. In addition, the Public Facilities Financing Authority, Mello Roos Community Facilities District, University Research Park, Special Assessment Parking District #3, and Cannery Bond and Debt Service Funds previously reported as Agency Funds are now reported as Custodial Funds and beginning net position of the funds was collectively restated in the amount of \$3,670,436.

GASB 98 - *The Annual Comprehensive Financial Report* – The City early adopted the provisions of this Statement, which established the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. *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.

Q. *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.

R. *New and Closed Funds*

The Economic Stimulus Grants Special Revenue Fund was established during the year ended June 30, 2021 to account for the receipts and expenditures from the federal grant funds received through the American Rescue Plan Act of 2021.

The Park Maintenance Tax Special Revenue Fund was closed as of June 30, 2021.

S. *Restatement of Fund Balance*

During fiscal year 2021, the City determined that a loan receivable issued in a prior fiscal year had not been recorded. As a result, the City increased and restated the beginning fund balance of the Low/Mod Housing Special Revenue Fund in the amount of \$1,980,000.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 2 – DEFICIT FUND EQUITY

The following funds reported deficit fund equity at June 30, 2021. These deficits are expected to be eliminated by future revenues.

Fund	Amount
Enterprise Fund:	
Sanitation	\$3,361,828
Internal Service Funds:	
Building Maintenance	604,074
City Self-Insurance	3,150,801
Employee Benefits	940,108

NOTE 3 – COMPENSATED ABSENCES

Compensated Absences - The long-term portion of the liability for vested vacation and time off in lieu of overtime 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 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, 2021:

The changes in compensated absences were as follows:

	Governmental Activities	Business-Type Activities	Total
Beginning Balance	\$3,641,633	\$577,273	\$4,218,906
Additions	3,325,863	329,310	3,655,173
Payments	(2,559,058)	(329,349)	(2,888,407)
Ending Balance	\$4,408,438	\$577,234	\$4,985,672
Current Portion	\$2,629,362	\$577,234	\$3,206,596

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4 – CASH AND INVESTMENTS (Continued)

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.

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

The City's investment policy and the California Government Code allow the City to invest in the following:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
U.S. Treasury Bills, Notes and Bonds	5 years	No Limit	No Limit	No Limit
Federal Agency Obligations	5 years	No Limit	No Limit	No Limit
Municipal Obligations	5 years	A or A-1	30%	5%
Banker's Acceptances	180 days	No Limit	40%	\$5 million*
Commercial Paper	270 days	P-1 or A-1	25%	5%**
Negotiable Certificates of Deposit	5 years	A or A-1	30%	5%
Local Agency Investment Fund (LAIF)	No Limit	No Limit	No Limit	\$75 million per account
California Asset Management Program (CAMP)	No Limit	No Limit	No Limit	No Limit
Certificates of Deposit	5 years	No Limit	30%	5%
Medium-Term Corporate Notes	5 years	A	30%	5%
Money Market Mutual Funds	N/A	AAAm	20%	10%
Asset-Backed Securities	5 years	AA	20%	5%
Supranational Obligations	5 years	AA	30%	No Limit
Repurchase Agreements	60 days	No Limit	No Limit	5%

* No more than \$5 million at time of purchase.

** No more than 10% of the outstanding paper of the issuing corporation.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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. Treasury Bills, Notes and Bonds	No limit	N/A
Banker's Acceptances	365 days	A-1+ or P-1
Money Market Account	N/A	Aam - AAAm
Money Market Mutual Funds	N/A	AAAam
FDIC Insured Deposits	No limit	N/A
Investment Agreements	No limit	AA or Aa
Commercial Paper	None to 270 days	A-1 - A-1+
State Obligations:		
General Obligations	No limit	Aa or AA
General Short-Term Obligations	No limit	A-1+ or MIG-1
Special Revenue Bonds	No limit	AA- or Aa3
Unsecured Certificates of Deposit	365 days	A-1+ or P-1
Time Deposits	365 days	A-1+ or P-1
Repurchase Agreements	30 days	AA- or Aa3
Local Agency Investment Fund	N/A	N/A
Pre-Refunded Municipal Obligations	No limit	AAA or Aaa

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, 2021, are as follows:

City Cash and Investments in Primary Government:	
Cash and investments	\$191,075,418
Cash and investments with fiscal agents	<u>3,465,585</u>
Total City Cash and Investments in Primary Government	<u>194,541,003</u>
Cash and Investments in Fiduciary Funds	
Cash and investments	8,170,524
Cash and investments with fiscal agents	7,858,678
Cash and investments - external investment pool	<u>748,499</u>
Total Fiduciary Funds Cash and Investments	<u>16,777,701</u>
Total Cash and Investments	<u><u>\$211,318,704</u></u>
Cash and Investments as of June 30, 2021, consist of the following:	
Cash on hand	\$10,400
Cash with financial institutions	59,885,164
Investments	<u>151,423,140</u>
Total Cash and Investments	<u><u>\$211,318,704</u></u>

E. Interest Rate Risk

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

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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	\$40,783,424			\$40,783,424
California Local Agency Investment Fund	52,926,994			52,926,994
Certificates of Deposit	258,181			258,181
U.S. Treasury	5,288,063	\$4,935,862	\$7,629,491	17,853,416
Supranational Obligations		1,075,764	924,050	1,999,814
Municipal Bond Note			3,874,846	3,874,846
Federal Agency Collateralized Mortgage Obligation	6,646	544,722	1,167,385	1,718,753
Federal Agency Securities	976,212	3,020,236	6,335,234	10,331,682
Corporate Notes	3,778,475	2,496,285	4,678,800	10,953,560
Commercial Paper	1,049,759			1,049,759
Negotiable Certificate of Deposit	1,504,883	1,165,466		2,670,349
Asset-Backed Securities		472,296	3,190,304	3,662,600
<i>Held by Trustees:</i>				
Money Market	3,339,762			3,339,762
Total investments	<u>\$109,912,399</u>	<u>\$13,710,631</u>	<u>\$27,800,110</u>	<u>\$151,423,140</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, 2021, these investments matured in an average of 291 days.

The City is a 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, 2021, the fair value approximated the City's cost. On June 30, 2021, these investments matured in an average of 52 days.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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.

Money market funds are available for withdrawal on demand, and at June 30, 2021, have a weighted average maturity of 20-64 days.

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, 2021:

<i>Investments by Fair Value Level:</i>	Level 1	Level 2	Total
U.S. Treasury	\$17,853,416		\$17,853,416
Federal Agency Securities		\$10,331,682	10,331,682
Supranational Obligations		1,999,814	1,999,814
Municipal Bond/Note		3,874,846	3,874,846
Federal Agency Collateralized Mortgage Obligation		1,718,753	1,718,753
Corporate Notes		10,953,560	10,953,560
Commercial Paper		1,049,759	1,049,759
Negotiable Certificate of Deposit		2,670,349	2,670,349
Asset-Backed Securities		3,662,600	3,662,600
Total Investments	\$17,853,416	\$36,261,363	54,114,779
 <i>Investments Measured at Net Asset Value Per Share:</i>			
California Asset Management Program			40,783,424
 <i>Investments Measured at Amortized Cost:</i>			
Money Market Mutual Fund			3,339,762
California Local Agency Investment Fund (LAIF)			52,926,994
Certificates of Deposit			258,181
 <i>Cash in banks and on hand</i>			
Total Cash and investments			59,895,564
			\$211,318,704

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 4 – CASH AND INVESTMENTS (Continued)

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.

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, 2021, are as follows:

Investment Type	Aaa	Aaa - Aa3	A 1 - A 3	P-1	Total
<i>Held by City:</i>					
California Asset Management Program	\$40,783,424				\$40,783,424
U.S. Treasury	17,853,416				17,853,416
Federal Agency Securities	10,331,682				10,331,682
Corporate Notes		\$181,508	\$10,772,052		10,953,560
Commercial Paper				\$1,049,759	1,049,759
Negotiable Certificate of Deposit		914,292	251,174	1,504,883	2,670,349
Asset-Backed Securities	3,662,600				3,662,600
Supranational Agency Bond/Notes	1,999,814				1,999,814
Municipal Bond Note	744,807	3,130,039			3,874,846
Federal Agency Collateralized Mortgage Obligation	1,718,753				1,718,753
<i>Held by Trustees:</i>					
Money Market Mutual Funds	3,339,762				3,339,762
	<u>\$80,434,258</u>	<u>\$4,225,839</u>	<u>\$11,023,226</u>	<u>\$2,554,642</u>	
<i>Not rated:</i>					
California Local Agency Investment Fund					52,926,994
Certificates of Deposit					258,181
Total investments					<u>\$151,423,140</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, 2021

NOTE 5 – INTERFUND TRANSACTIONS

A. Transfers

Resources may be transferred from one City fund to another. Transfers routinely fund capital projects or capital outlays, lease or debt service payments, and operating expenses.

During the fiscal year ended June 30, 2021 the General Fund transferred \$5,471,202 to the Capital Projects Fund to fund projects. The Oxford Circle Park and Parking Lot Capital Projects Fund transferred \$37,605 to the General Fund to close the fund. The Public Transit Enterprise Fund transferred \$65,621 to the TDA Non-Transit Use Special Revenue Fund for the purpose of funding TDA related expenditures. The Building Maintenance Internal Service Fund transferred \$137,529 to the General Services Internal Service Fund to cover labor related expenses.

B. Interfund Receivables/Payables

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. At June 30, 2021, the following funds have balances due to the General 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	\$1,129,881
	Employee Benefits Internal Service Fund	<u>1,022,326</u>
		<u>\$2,152,207</u>

All balances pertain to short-term loans to cover cash shortages as of June 30, 2021. The City expects these balances to be repaid in fiscal year 2021-22.

C. Interfund Advances

At June 30, 2021, the following funds had made advances, which were not expected to be repaid within the next year.

<u>Fund Making Advance</u>	<u>Fund Receiving Advance</u>	<u>Amount of Advance</u>
General Services Internal Service Fund	Storm Sewer Enterprise Fund	\$94,965
Sewer Enterprise Fund	Sanitation Enterprise Fund	3,000,000
	Storm Sewer Enterprise Fund	<u>2,000,000</u>
		<u>\$5,094,965</u>

Storm Sewer Enterprise Fund makes an annual principal and interest payment on July 1, with final repayment by fiscal year 2023. As of June 30, 2021, the outstanding loan balance was \$94,965.

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, 2021, the outstanding loan balance was \$3,000,000.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 5 – INTERFUND TRANSACTIONS (Continued)

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, 2021, the outstanding loan balance was \$2,000,000.

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:

	<u>Balance at June 30, 2021</u>
Loans Receivable:	
Davis Mutual Housing Association	\$4,212,623
New Harmony Loan	9,587,232
Walnut Terrace	3,474,055
Tremont Green	2,722,379
Moore Village	3,811,415
Eleanor Roosevelt	4,247,404
Oakshade East	897,010
Davis Diamonds	33,216
Other Commercial Rehabilitation	
Housing Rehabilitation, and Affordable Housing	660,000
Community Housing Opportunities Corporation	1,856,523
Bartlett Commons- Cannery	574,768
Explorit	20,833
Adelante	2,372,585
Creekside	2,892,576
Inventopia	96,907
Employee Computer and Bicycle Loans	35,414
Total Loans Receivable - Governmental Activities	<u>37,494,940</u>
Mortgages Receivable	<u>363,331</u>
Total Loans and Mortgages Receivable	<u><u>\$37,858,271</u></u>
Successor Agency	
New Harmony	<u><u>\$186,526</u></u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – LOANS AND NOTES RECEIVABLES (Continued)

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 three percent interest and payments are to be made from residual cash flows. The remaining outstanding principal will be due on May 21, 2033.

Both agreements are secured by deeds of trust. As of June 30, 2021, the Association loan 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. This note is secured by a Deed of Trust. The term of this note is fifty-five years bearing a simple interest rate of three 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, as well as the former Redevelopment Agency. The amount of funds available under this agreement is \$9,579,195. As of June 30, 2021, the loan amount outstanding is \$9,773,758.

C. *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.

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, 2021 was \$3,474,055.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – LOANS AND NOTES RECEIVABLES (Continued)

D. *Tremont Green*

The former Redevelopment Agency of 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 three 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, 2021 was \$2,722,379.

E. *Moore Village*

The former Redevelopment Agency of 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 three percent simple interest. If the project generates any residual cash flow, principal and interest payments are due annually with the 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, 2021 was \$3,811,415.

F. *Eleanor Roosevelt*

The former Redevelopment Agency of 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 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, six percent simple interest for the next fifteen years, and three 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, 2021 was \$4,247,404.

G. *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 three percent. If the projects generate any residual cash flow, principal 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 \$897,010 at June 30, 2021.

H. *Davis Diamonds*

The City 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 simple interest at the rate of six percent. The loan is secured by a deed of trust on the property and is due in September 2021. The balance of the loan receivable was \$33,216 at June 30, 2021.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – LOANS AND NOTES RECEIVABLES (Continued)

I. *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, 2021 was \$660,000.

J. *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 three 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 three 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 three 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, 2021 was \$1,856,523.

K. *Bartlett 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 loaned Cannery Loft Investors \$574,768. The loan does not bear interest and is secured by a deed of trust on the property. The loan is repayable from residual receipts as defined in the loan agreement and the unpaid principal balance is due March 15, 2073. The balance of the loan as of June 30, 2021 was \$574,768.

L. *Explorit Science Center*

The City entered into a loan agreement with Explorit Science Center, a Davis non-profit institution since 1982, to be used to create a fall fundraiser with sponsorships for the Anne Hance Exploration Gallery and expand the organizations resources. Under the terms of the agreement, the City issued a loan amount of \$20,000. The loan bears simple interest at 2.379%. The loan was amended in August 2021 to extend the repayment term to December 31, 2022. The balance of the loan as of June 30, 2021 was \$20,833.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 6 – LOANS AND NOTES RECEIVABLES (Continued)

M. *Adelante*

The City entered into three loan agreements with Mutual Housing 5th Street, a California Limited Partnership, to be used to construct a 38-unit residential affordable rental property (Adelante Apartments) with four units restricted to households that are at or below 50% of the area median income (HOME Assisted Units). Under the terms of the construction loan agreement, the City issued a loan in the amount of \$2,025,000 and upon repayment of the construction loan, the City will provide a permanent loan of up to \$2,000,000. The third loan is a construction loan funded by the federal HOME Investment Partnerships Program in the amount of \$413,984. The loans do not bear interest and both loans are secured by deeds of trust on the property. The permanent loan is repayable from residual receipts, as defined in the promissory note, and the outstanding principal is due 55 years from the conversion date of the construction loan to the permanent loan. The HOME loan is due 55 years from the completion of the project. The balance of the loans as of June 30, 2021 was \$2,372,585.

N. *Creekside*

The City entered into two loan agreements with Creekside Davis LP, a California Limited Partnership, to be used to acquire land from the City and to construct a multi-family affordable housing project including 90 rental units, 89 of which are to be rented to low-, very low- and extremely low-income households. Under the terms of the land acquisition loan agreement, the City issued a loan in the amount of \$1,980,000 and under the terms of the construction agreement, the City issued a loan in the amount of \$912,576 funded by the State Affordable Housing and Sustainable Communities (AHSC) Program. The land acquisition loan bears compound interest of 5.25% and the construction loan does not bear interest, and both loans are secured by a deed of trust on the property and are due the earlier of 55 years from the date of completion or December 31, 2075. The balance of the loans as of June 30, 2021 was \$2,892,576.

O. *Inventopia*

The City entered into a loan agreement with Inventopia, a California non-profit public benefit corporation, to be used to expand the local supply of specialized incubator space. Under the terms of the agreement, the City issued a loan in the amount of \$100,000. The loan bears simple interest at 3% to be repaid over a five-year period and is secured by a deed of trust on the property. The balance of the loan as of June 30, 2021 was \$96,907.

P. *Employee Computer and Bicycle Loans*

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, 2021, the loans outstanding amounted to \$35,414.

Q. *Mortgages Receivable*

The City has an agreement with the developers of low-to-moderate-income housing to defer certain developer fees so those houses can be sold at a lower cost to the home buyers. This fee is collected from the homeowners by the City and is considered a loan. These loans are secured by second trust deeds on the property. Although these mortgages are expected to be repaid in full, their balance has been offset by unavailable 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 receivable at June 30, 2021 was \$363,331.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7 – CAPITAL ASSETS

A. Capital Asset Additions and Retirements

Capital assets activity of governmental activities for the year ended June 30, 2021, is as follows:

	Balance at June 30, 2020	Additions	Retirements	Transfers	Balance at June 30, 2021
Governmental Activities					
Capital assets not being depreciated:					
Land	\$56,476,321				\$56,476,321
Construction in Progress	13,615,573	\$11,254,891	(\$1,890,636)	(\$7,936,914)	15,042,914
Total capital assets not being depreciated	<u>70,091,894</u>	<u>11,254,891</u>	<u>(1,890,636)</u>	<u>(7,936,914)</u>	<u>71,519,235</u>
Capital assets being depreciated:					
Buildings	29,123,857			2,973,028	32,096,885
Improvements	27,631,891			(26,726)	27,605,165
Vehicles	10,252,717	1,108,821	(352,646)	397,082	11,405,974
Computer and Equipment	2,995,791	428,558	(87,055)	(397,082)	2,940,212
Infrastructure					
Streets	287,362,894			2,556,889	289,919,783
Parks and Greenbelts	68,471,671			1,020,202	69,491,873
Bike and Pedestrian Pathways	15,341,499			1,413,521	16,755,020
Total capital assets being depreciated	<u>441,180,320</u>	<u>1,537,379</u>	<u>(439,701)</u>	<u>7,936,914</u>	<u>450,214,912</u>
Less accumulated depreciation:					
Buildings	(13,785,111)	(560,412)			(14,345,523)
Improvements	(8,496,669)	(965,245)			(9,461,914)
Vehicles	(7,263,057)	(760,164)	272,964		(7,750,257)
Computer and Equipment	(1,986,203)	(301,617)	87,055		(2,200,765)
Infrastructure					
Streets	(164,676,723)	(5,684,459)			(170,361,182)
Parks and Greenbelts	(45,591,983)	(847,535)			(46,439,518)
Bike and Pedestrian Pathways	(12,913,059)	(76,321)			(12,989,380)
Total accumulated depreciation	<u>(254,712,805)</u>	<u>(9,195,753)</u>	<u>360,019</u>		<u>(263,548,539)</u>
Net capital assets being depreciated	<u>186,467,515</u>	<u>(7,658,374)</u>	<u>(79,682)</u>	<u>7,936,914</u>	<u>186,666,373</u>
Governmental Activities Capital Assets, Net	<u>\$256,559,409</u>	<u>\$3,596,517</u>	<u>(\$1,970,318)</u>		<u>\$258,185,608</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 7 – CAPITAL ASSETS (Continued)

Capital assets activity of business-type activities for the year ended June 30, 2021, is as follows:

	Balance at June 30, 2020	Additions	Retirements	Transfers	Balance at June 30, 2021
<i>Business-type Activities</i>					
Capital assets, not being depreciated:					
Land	\$21,783,379				\$21,783,379
Construction in Progress	3,412,137	\$5,494,956	(\$499,800)	(\$2,944,230)	5,463,063
Total capital assets not being depreciated	<u>25,195,516</u>	<u>5,494,956</u>	<u>(499,800)</u>	<u>(2,944,230)</u>	<u>27,246,442</u>
Capital assets, being depreciated:					
Buildings and Improvements	4,226,505				4,226,505
Water Wells, Pumps and Related Assets	73,046,833				73,046,833
Water Distribution System	116,695,769			428,206	117,123,975
Sewer Treatment Plant	124,149,675			253,281	124,402,956
Sewer Pipes and Pipelines	37,018,806			2,262,743	39,281,549
Drainage Facilities	103,295,784				103,295,784
Equipment	25,327,977	209,618	(90,125)		25,447,470
Intangible Assets	23,465,614				23,465,614
Net capital assets being depreciated	<u>507,226,963</u>	<u>209,618</u>	<u>(90,125)</u>	<u>2,944,230</u>	<u>510,290,686</u>
Less accumulated depreciation for:					
Buildings and Improvements	(2,187,405)	(220,640)			(2,408,045)
Water Wells, Pumps and Related Assets	(32,609,881)	(1,244,508)			(33,854,389)
Water Distribution System	(30,114,505)	(2,474,304)			(32,588,809)
Sewer Treatment Plant	(35,218,992)	(2,433,517)			(37,652,509)
Sewer Pipes and Pipe Lines	(18,611,521)	(709,337)			(19,320,858)
Drainage Facilities	(50,489,199)	(2,005,218)			(52,494,417)
Equipment	(7,833,711)	(1,181,454)	1,504		(9,013,661)
Intangible Assets	(4,080,956)	(1,020,244)			(5,101,200)
Total accumulated depreciation	<u>(181,146,170)</u>	<u>(11,289,222)</u>	<u>1,504</u>		<u>(192,433,888)</u>
Net capital assets being depreciated	<u>326,080,793</u>	<u>(11,079,604)</u>	<u>(88,621)</u>	<u>2,944,230</u>	<u>317,856,798</u>
Business-type Activities Capital Assets, Net	<u>\$351,276,309</u>	<u>(\$5,584,648)</u>	<u>(\$588,421)</u>		<u>\$345,103,240</u>

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, 2021

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	\$8,128
City manager	18,703
Administrative services	27,184
Parks and community services	1,733,016
Public safety - fire	21,504
Public safety - police	303,283
Public works	6,146,567
Internal Service Funds	937,368
Total Governmental Activities	\$9,195,753
<i>Business-Type Activities</i>	
Water	\$4,852,607
Sewer	4,244,372
Storm sewer	2,054,062
Public transit	138,181
Total Business-Type Activities	\$11,289,222

NOTE 8 – UNEARNED REVENUE AND DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

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, 2021, the various components of unavailable and unearned revenue reported in the governmental funds are as follows:

	Deferred Inflows of Resources- Unavailable Revenue	Unearned Revenue	Total
Grants, fees, and other receipts received prior to meeting all eligibility requirements		\$11,498,338	\$11,498,338
Receivables collected after the 60-day period of availability	\$1,496,904		1,496,904
Second mortgage loans not available within 60-day period of availability	363,331		363,331
Total Governmental Funds	\$1,860,235	\$11,498,338	\$13,358,573

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, 2021, the unearned revenue reported in proprietary funds are \$2,574,896.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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, 2021 is as follows:

	Balance at June 30, 2020	Retirements	Balance at June 30, 2021	Current Portion	
Governmental Activities Long-Term Debt:					
Direct Borrowings:					
State Revolving Fund Loan #5 - Energy Conservation 1.0%, due 6/22/32	\$2,224,036	\$192,259	\$2,031,777	\$194,186	
Total Governmental Activities Long-Term Debt	<u>\$2,224,036</u>	<u>\$192,259</u>	<u>\$2,031,777</u>	<u>\$194,186</u>	
	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Current Portion
Business-type Activities Long-Term Debt:					
Direct Borrowings:					
State Revolving Fund Loan #3 1.5%, due 10/01/48	\$48,961,903		\$1,360,102	\$47,601,801	\$1,380,503
State Revolving Fund Loan #4 1.6%, due 12/31/48	23,741,684	\$7,948,438	942,082	30,748,040	879,084
U.S. Bank Water Revenue Refunding Bonds Due 10/01/36	18,799,114		881,510	17,917,604	909,854
Total Business-type Activities Long-Term Debt	<u>\$91,502,701</u>	<u>\$7,948,438</u>	<u>\$3,183,694</u>	<u>\$96,267,445</u>	<u>\$3,169,441</u>

B. Debt Service Requirements

Future principal and interest payments on long-term debt are as follows at June 30, 2021:

Fiscal Year Ending June 30,	Governmental-Type Activities - Direct Borrowings			Business-Type Activities Direct Borrowings		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$194,186	\$19,835	\$214,021	\$3,169,441	\$1,770,368	\$4,939,809
2023	196,132	17,888	214,020	3,233,470	1,706,339	4,939,809
2024	198,057	15,965	214,022	3,298,975	1,640,835	4,939,810
2025	200,085	13,937	214,022	3,365,995	1,573,815	4,939,810
2026	202,090	11,931	214,021	3,434,570	1,505,241	4,939,811
2027-2031	1,041,227	28,876	1,070,103	18,258,786	6,440,260	24,699,046
2032-2036				20,231,177	4,467,870	24,699,047
2037-2041				15,376,505	2,688,520	18,065,025
2042-2046				15,813,870	1,514,045	17,327,915
2047-2049				10,084,656	312,092	10,396,748
Total	<u>\$2,031,777</u>	<u>\$108,432</u>	<u>\$2,140,209</u>	<u>\$96,267,445</u>	<u>\$23,619,385</u>	<u>\$119,886,830</u>

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 \$2,774,876. The loan bears interest at 1.0 percent per year for a term of thirty years. As of June 30, 2021, the City owed \$2,031,777 on the loan.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 9 – LONG-TERM DEBT (Continued)

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, 2021, the City owed \$47,601,801 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 residents. The maximum loan amount is \$35,500,000, of which the City had drawn \$31,690,122. The loan bears interest at 1.6 percent per year for a term of thirty years. As of June 30, 2021, the City owed \$30,748,040 on the loan.

U.S. Bank Water Revenue Refunding Bonds – In October 2018, the City entered into 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, 2021 is \$17,917,604.

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, 2021, is as follows:

Description	Issue Year	Maturity Year	Outstanding June 30, 2021
Public Facilities Financing Authority \$9,570,000 original principal	2009	2030	\$6,770,000
Community Facilities District No. 2015-01 \$9,665,000 original principal	2015	2045	9,245,000
2016 Special Tax Refunding Bonds (Community Facilities District No. 2007-2) \$4,342,128 original principal	2017	2037	3,713,473
Community Facilities District (2017) 1991-2 \$8,663,131 original principal	2017	2025	<u>4,880,014</u>
Total			<u><u>\$24,608,487</u></u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 11– CLASSIFICATION OF FUND BALANCE

Detailed classifications of the City's fund balances, as of June 30, 2021, are below.

Fund Balance Classifications	General Fund	Low/Mod Housing	Development Deferred Improvement	Other Governmental Funds	Total
Nonspendables:					
Items not in spendable form:					
Loans Receivable	\$167,995				\$167,995
Total Nonspendable Fund Balances	167,995				167,995
Restricted for:					
Development Services			\$1,286,363		1,286,363
Roadways and Street Improvements			5,210,705	\$9,030,418	14,241,123
Parks			5,647,403	1,431,434	7,078,837
Public Safety			3,127,715		3,127,715
General Facilities			1,486,816		1,486,816
Open Space			1,728,490	6,569,462	8,297,952
Grants				2,700,956	2,700,956
Public Facilities				826,264	826,264
Land Acquisition				1,438,330	1,438,330
District Improvements				1,495,487	1,495,487
Low-Income Housing		\$37,738,213			37,738,213
Total Restricted Fund Balances		37,738,213	18,487,492	23,492,351	79,718,056
Committed to:					
Municipal Arts				1,141,634	1,141,634
In-Lieu-of-Parking and Parking				543,144	543,144
Agriculture Land Acquisition				267,105	267,105
Cable TV				918,686	918,686
Public Safety				86,520	86,520
Capital Projects	2,371,002				2,371,002
General Operations	758,468				758,468
Total Committed Fund Balances	3,129,470			2,957,089	6,086,559
Assigned:					
Capital Projects	1,177,114				1,177,114
Building and Planning	584,279				584,279
Fire Operations	160,000				160,000
City Manager's Office	9,710				9,710
Information Technology	3,000,000				3,000,000
Long-Term Obligations	1,700,000				1,700,000
Total Assigned Fund Balances	6,631,103				6,631,103
Unassigned:					
General Fund	12,980,630				12,980,630
Total Unassigned Fund Balances	12,980,630				12,980,630
Total Fund Balances	\$22,909,198	\$37,738,213	\$18,487,492	\$26,449,440	\$105,584,343

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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 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, 2021:

	Deferred Outflows of Resources	Net Pension Liability/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
Miscellaneous	\$12,275,618	\$83,974,950	\$0
Safety	12,392,261	59,638,789	2,642,122
Total	<u>\$24,667,879</u>	<u>\$143,613,739</u>	<u>\$2,642,122</u>

The net pension liability is liquidated by the fund that has recorded the liability. The governmental activities net pension liability is liquidated primarily by the General Fund.

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, 2021

NOTE 12– PENSION PLANS (Continued)

The Plans’ provisions and benefits in effect at June 30, 2021, 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 - 67	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	8.000%	7.00%
Required employer contribution rates	10.838%	6.823%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portions as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or the City can elect a lump sum payment option. The City’s required contributions for the unfunded liability in the Miscellaneous Plan for the year ended June 30, 2021 was \$7,976,975, which was made under the lump sum option.

Employees Covered – At June 30, 2019 actuarial valuation date and the June 30, 2020 measurement date, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous	
	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Inactive employees or beneficiaries currently receiving benefits	436	456
Inactive employees entitled to but not yet receiving benefits	314	322
Active employees	258	267
Total	<u>1,008</u>	<u>1,045</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 each Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 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, 2021

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, 2019 (Measurement Date)	\$226,298,968	\$149,494,311	\$76,804,657
Changes in the year:			
Service cost	3,304,946		3,304,946
Interest on the total pension liability	16,128,658		16,128,658
Differences between actual and expected experience	3,930,389		3,930,389
Changes in assumptions			
Plan to plan resource movement			
Changes in benefit terms			
Contribution - employer		7,344,084	(7,344,084)
Contribution - employees		1,595,884	(1,595,884)
Net investment income		7,464,482	(7,464,482)
Administrative expenses		(210,750)	210,750
Benefit payments, including refunds of employee contributions	(12,612,401)	(12,612,401)	
Other Miscellaneous Income/(Expense)			
Net changes	<u>10,751,592</u>	<u>3,581,299</u>	<u>7,170,293</u>
Balance at June 30, 2020 (Measurement Date)	<u>\$237,050,560</u>	<u>\$153,075,610</u>	<u>\$83,974,950</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	\$113,875,930
Current Discount Rate	7.15%
Net Pension Liability	\$83,974,950
1% Increase	8.15%
Net Pension Liability	\$59,115,944

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12– PENSION PLANS (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions – For the year ended June 30, 2021, the City recognized pension expense of \$10,181,264 for the Miscellaneous Plan. At June 30, 2021, 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	\$7,976,975	\$0
Differences between actual and expected experience	3,311,618	
Changes in assumptions		
Net differences between projected and actual earnings on plan investments	987,025	
Total	\$12,275,618	\$0

\$7,976,975 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, 2022. 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
2022	\$1,601,833
2023	1,352,738
2024	732,849
2025	611,223
Total	\$4,298,643

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12– PENSION PLANS (Continued)

The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

The Safety Plan's provisions and benefits in effect at June 30, 2021, 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 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0%-2.7%
Required employee contribution rates	9.0%	13.0%
Required employer contribution rates	23.674%	13.044%
	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 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.0%	2.0%-2.7%
Required employee contribution rates	9.0%	13.0%
Required employer contribution rates	23.674%	13.044%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or the City can elect a lump sum payment option. The City's required contributions for the unfunded liability in the Safety Plan for the year ended June 30, 2021 was \$3,636,787, which was made under the lump sum option.

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, 2021, the contributions to the Safety Plan were as follows:

	Safety
Contributions - employer	\$5,916,645

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12– PENSION PLANS (Continued)

Pension Liabilities, Pension Expense 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, 2021, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Safety	\$59,638,789

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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2019 and 2020 was as follows:

	Safety
Proportion - June 30, 2019	0.89%
Proportion - June 30, 2020	0.90%
Change - Increase (Decrease)	0.01%

For the year ended June 30, 2021, the City recognized pension expense of \$6,801,109 for the Safety Plan. When combined with the Miscellaneous Plan, for the year ended June 30, 2021, the City recognized total pension expense of \$16,982,373.

At June 30, 2021, 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	\$5,916,645	
Differences between actual and expected experience	4,624,686	
Changes in assumptions		(\$198,658)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	554,728	(2,443,464)
Net differences between projected and actual earnings on plan investments	1,296,202	
Total	\$12,392,261	(\$2,642,122)

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12– PENSION PLANS (Continued)

\$5,916,645 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, 2022. 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
2022	\$346,523
2023	1,541,736
2024	1,295,765
2025	649,470
	\$3,833,494

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	\$82,847,653
Current Discount Rate	7.15%
Net Pension Liability	\$59,638,789
1% Increase	8.15%
Net Pension Liability	\$40,593,720

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12– PENSION PLANS (Continued)

D. Information Common to the Miscellaneous and Safety Plans

Actuarial Assumptions – For the measurement period ended June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2019 total pension liability was determined using the following actuarial assumptions:

	Both Plans		
Valuation Date		June 30, 2019	
Measurement Date		June 30, 2020	
Actuarial Cost Method		Entry-Age Normal Cost Method	
Actuarial Assumptions:			
Discount Rate		7.15%	
Inflation		2.50%	
Payroll Growth		2.75%	
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)		
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies		

- (1) Net of pension plan investment expenses, including inflation
(2) The mortality tables used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019, valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website at www.calpers.ca.gov.

Discount Rate – The discount rate used to measure the total pension liability for the 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 expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12– PENSION PLANS (Continued)

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 rounded 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 equal to the single equal rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rates of return by asset class.

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 Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

(a) In the CalPERS ACFR, 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.

E. Subsequent Event – CalPERS Reduction of Discount Rate

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy approved by the CalPERS Board in 2015, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the CalPERS Board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 12– PENSION PLANS (Continued)

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense, but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions will be reflected in the CalPERS GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

NOTE 13– OTHER POST EMPLOYMENT 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 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, 2021, the City’s contributions to the Plan were \$4,982,975.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 13– OTHER POST EMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2020:

Active employees	351
Inactives currently receiving benefit payments	322
Inactive entitled to but not yet receiving benefit payments	42
Total	715

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, 2020 Measurement Date
Valuation Date	• June 30, 2020
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	• 6.25% at June 30, 2020
	• 6.25% at June 30, 2019
	• Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	• 2.25% per annum
Mortality, Retirement, Disability, Termination	• CalPERS 2010 General and Safety
Mortality Improvement	Healthy mortality: 2010 General and Safety - median income Employee and Retiree mortality tables projected with generational mortality improvement using 80% of scale Disabled mortality: 2010 General and Safety - Disabled mortality tables projected with generational mortality improvement using 80% of scale MP-2020
Salary Increases	• Aggregate - 2.75% • Merit - CalPERS December 2017 Experience Study
Healthcare Cost Trend	• Non-Medicare - 6.7% for 2021, decreasing to an ultimate rate of 3.7% in 2075 and later years • Medicare - 5.6% for 2020, decreasing to an ultimate rate of 4.0% in 2075 and later years
PEMHCA Minimum Increases	• 3.50%
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, 2021

NOTE 13– OTHER POST EMPLOYMENT 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	49.0%	4.56%
Fixed income	23.0%	1.56%
TIPS	5.0%	-0.08%
Commodities	3.0%	1.22%
REITs	20.0%	4.06%
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, 2019, Measurement Date	\$97,743,388	\$40,551,227	\$57,192,161
Changes Recognized for the Measurement Period:			
Service Cost	2,637,101		2,637,101
Interest on the total OPEB liability	6,388,825		6,388,825
Changes in benefit terms			
Differences between expected and actual experience	(13,244,897)		(13,244,897)
Changes of assumptions	(6,866,865)		(6,866,865)
Contributions from the employer		4,181,733	(4,181,733)
Net investment income		1,432,994	(1,432,994)
Other additions			
Benefit payments	(4,181,733)	(4,181,733)	
Administrative expenses		(19,814)	19,814
Other deductions			
Net changes	<u>(15,267,569)</u>	<u>1,413,180</u>	<u>(16,680,749)</u>
Balance at June 30, 2020, Measurement Date	<u>\$82,475,819</u>	<u>\$41,964,407</u>	<u>\$40,511,412</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 13– OTHER POST EMPLOYMENT BENEFITS (Continued)

The net OPEB liability is liquidated by the fund that has recorded the liability. The governmental activities net OPEB liability is liquidated primarily by the General Fund.

Detailed information about the OPEB plan’s fiduciary net position is available in the separately CalPERS ACFR 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%)
\$50,656,954	\$40,511,412	\$32,071,555

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
\$31,311,406	\$40,511,412	\$51,677,671

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

For the year ended June 30, 2021, the City recognized negative OPEB expense of \$2,051,614. At June 30, 2021, 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	\$4,982,975	
Differences between actual and expected experience	456,551	(\$10,917,147)
Changes of assumptions	1,218,647	(7,788,857)
Net differences between projected and actual earnings on plan investments	716,234	
Total	\$7,374,407	(\$18,706,004)

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 13– OTHER POST EMPLOYMENT BENEFITS (Continued)

\$4,982,975 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, 2022. 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
2022	(\$3,478,186)
2023	(3,307,188)
2024	(3,321,900)
2025	(3,768,436)
2026	(2,438,862)
Total	<u><u>(\$16,314,572)</u></u>

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.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 15 – RISK MANAGEMENT (Continued)

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

The City is a member of the YCPARMIA, which provides coverage for general and auto liability, workers' compensation, property, cyber liability, 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, Ironshore, Lloyd's of London, and Public Risk Innovation, Solutions, and Management (PRISM) (formerly CSAC-EIA), provide coverage for amounts in excess of YCPARMIA's limits. During the fiscal year ended June 30, 2021, the City contributed \$2,652,780 for coverage.

The contributions made to each risk pool equal the ratio of their respective payrolls to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to member entities on a percentage basis after a retrospective rating.

The following types of loss risks are covered by the above authorities under the terms of their respective joint-powers agreements and through commercial insurance policies as follows:

Type of Coverage	Deductible	Coverage Limits
General/Auto Liability	\$5,000	\$40,000,000
Workers' Compensation Insurance	1,000	Statutory
Property Insurance	1,000	600,000,000
Pollution Legal Liability	0	10,000,000
Fidelity Insurance	1,000	2,000,000
Cyber Liability	0	1,000,000
Underground Storage Tank Insurance	250,000	1,000,000

Financial statements for the risk pools may be obtained from YCPARMIA at 77 West Lincoln Avenue, Woodland, CA 95695, and from CJPRMA at 3201 Doolan Road, Suite 285, Livermore, CA 94551.

For the years ended June 30, 2021, 2020, and 2019, the amount of settlement did not exceed insurance coverage.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 15 – RISK MANAGEMENT (Continued)

B. Self-Insurance Internal Service Funds

Generally accepted accounting principles require 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:

	2021	2020
Beginning balance	\$72,044	\$56,384
Liability for current fiscal year claims and	75,569	85,000
Decrease in estimated liability for prior year claims	(55,001)	(52,471)
Payments made on current year claims	(21,958)	(8,173)
Payments made on prior year claims	(17,043)	(8,696)
Ending balance	<u>\$53,611</u>	<u>\$72,044</u>
Current Portion	<u>\$53,611</u>	<u>\$72,044</u>

The change in the *Workers' Compensation Claims* liability, including claims incurred but not reported, is reported in the City's Self-Insurance Internal Service Fund. This liability is based on an independent actuarial study prepared annually and was computed as follows at June 30:

	2021	2020
Beginning balance	\$8,852	\$13,151
Liability for current fiscal year claims	56,000	55,000
Increase (decrease) in estimated liability for prior year claims	(803)	(22,746)
Payments made on current year claims	(40,418)	(28,186)
Payments made on prior year claims	(5,927)	(8,367)
Ending balance	<u>\$17,704</u>	<u>\$8,852</u>
Current Portion	<u>\$17,704</u>	<u>\$8,852</u>

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

	2021	2020
Beginning balance	\$138,566	\$166,381
Increase in estimated liability for prior year claims	16,914	18,463
Payments made on prior year claims	(46,278)	(46,278)
Ending balance	<u>\$109,202</u>	<u>\$138,566</u>
Current Portion	<u>\$46,278</u>	<u>\$46,278</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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. 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 original 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 Water Enterprise Fund financial statements. Future principal and interest payments on the payable were as follows as of June 30, 2021.

	Balance at June 30, 2020	Retirements	Balance at June 30, 2021	Current Portion
2015 Subordinate Refunding Water Revenue Bonds, Series A 3.00% - 5.00%, due 3/1/39	\$18,200,000	\$455,000	\$17,745,000	\$490,000
2015 Second Subordinate Bonds, Series B 4.697%, due 3/1/39	1,777,445	36,920	1,740,525	43,772
Total Business-type Activities Long-Term Debt	<u>\$19,977,445</u>	<u>\$491,920</u>	<u>\$19,485,525</u>	<u>\$533,772</u>

At June 30, 2021 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
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	682,367	745,070	1,427,437
2026	744,960	711,126	1,456,086
2027-2031	4,772,505	2,983,120	7,755,625
2032-2036	6,504,842	2,057,994	8,562,836
2037-2039	5,046,278	513,479	5,559,757
	<u>\$19,485,525</u>	<u>\$9,392,199</u>	<u>\$28,877,724</u>

Financial statements of the Agency may be obtained by mailing a request to the City of Woodland, 300 First Street, Woodland, CA 95695.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 17 – COMMITMENTS AND CONTINGENCIES

A. Federal and State Grant Programs

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

Large commitments outstanding as of June 30, 2021 were as listed below:

Transportation Infrastructure Rehabilitation	\$4,590,145
Sanitary Sewer Lift Station Rehabilitation	832,881
Pole Line Road and Olive Drive	607,516
Total	\$6,030,542

These commitments were encumbered and included in the adjusted budget in fiscal year 2022.

D. Encumbrances

Encumbrances outstanding as of June 30, 2023 by fund were as follows:

Major Governmental Funds:	
General Fund	\$1,052,657
Low/Mod Housing Special Revenue Fund	119,022
Development Deferred Improvement Special Revenue Fund	1,691,505
Non-Major Governmental Funds	4,953,630
Total Encumbrances	\$7,816,814

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

NOTE 18 – COVID-19 GLOBAL PANDEMIC

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption was temporary, there was considerable uncertainty around the duration of the closings and shelter in place orders. Although many of the City's services are considered essential, City Hall was closed to the public, certain other services transitioned to online-only and because the City's major revenue sources, including businesses that collect sales taxes and transient occupancy taxes, are directly impacted by these events, it negatively impacted the City. However, the financial impact was partially offset by subsequent federal grant programs, including the Coronavirus Relief Fund under the CARES Act, and the Coronavirus State and Local Fiscal Recovery Funds under the American Recovery Plan Act.

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 that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

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

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

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

The Bill directed 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. The Successor Agency received a Finding of Completion from the California Department of Finance (DOF) on November 13, 2015, pursuant to Health and Safety Code (HSC) Section 34179.7.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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

The City, acting as the Successor Agency, prepared a Long Range Property Management Plan (LRPMP) in compliance with AB 1484, but it was not filed with the State DOF prior to the December 31, 2015 deadline due to a misinterpretation of the due date. As a result, the Successor Agency had to request individual approvals from the Davis Oversight Board for the proposed disposition of the properties owned by the Successor Agency which were approved by the Davis Oversight Board on May 4, 2016, and subsequently submitted to the State DOF. On November 10, 2016, the State DOF approved the transfer of three parcels to the City for use as government purposes, denied the transfer of two parcels and partially denied one of the requested transfers. Subsequent to that date the Successor Agency received individual approvals from the Davis Oversight Board and disposed of the properties that were not approved for transfer by the State DOF.

On July 1, 2018, the duties of the Davis Oversight Board transferred to a new Yolo County-wide Consolidated Oversight Board, which is now responsible for overseeing the winddown affairs of all Successor Agencies in Yolo County, including the Davis Redevelopment Successor Agency.

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 previously prepared a Recognized Obligation Payment Schedule (ROPS) annually that contained all proposed expenditures for the subsequent twelve-month period. The ROPS is subject to the review and approval of the Oversight Board as well as the State Department of Finance. Although the State Department of Finance may not question items included on the ROPS in one period, they may question the same items in a future period and disallow associated activities. The State DOF approved the Successor Agency's Last and Final ROPS in April 2020, which was later amended and approved by the State DOF in April 2021, which is effective July 1, 2021 and details the maximum RPTTF distribution of \$27,819,508 over the next 17 years. The Successor Agency will receive semiannual RPTTF distributions up to the maximum approved amount on the Last and Final ROPS and can submit no more than two requests to amend the approved Last and Final ROPS.

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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

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, 2021, for the City's Investment Policy and the California Government Code.

D. 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 \$224,993 as of June 30, 2021.

E. 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, 2021:

	Balance at June 30, 2020	Retirements	Balance at June 30, 2021	Current Portion
<i>Tax Allocation Bonds:</i>				
2019 Tax Allocation Refunding Bonds, Series A 4.00% - 5.00%, due 9/01/2037	\$10,600,000		\$10,600,000	
2019 Taxable Tax Allocation Refunding Bonds, Series B 1.680% - 2.30%, due 9/01/2029	12,220,000	\$1,770,000	10,450,000	\$1,200,000
Plus Bond Premium	2,688,165	157,559	2,530,606	
Total Long-Term Debt	<u>\$25,508,165</u>	<u>\$1,927,559</u>	<u>\$23,580,606</u>	<u>\$1,200,000</u>

CITY OF DAVIS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021

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

2. Debt Service Requirements

Future principal and interest payments on all the Successor Agency’s long-term debt were as follows at June 30, 2021:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$1,200,000	\$674,195	\$1,874,195
2023	1,225,000	653,580	1,878,580
2024	1,245,000	632,151	1,877,151
2025	1,265,000	609,556	1,874,556
2026	1,295,000	584,905	1,879,905
2027-2031	6,885,000	2,421,663	9,306,663
2032-2036	6,120,000	933,650	7,053,650
2037-2038	1,815,000	73,300	1,888,300
Subtotal	21,050,000	<u>\$6,583,000</u>	<u>\$27,633,000</u>
Plus Bond Premium	<u>2,530,606</u>		
Total		<u>\$23,580,606</u>	

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

2019 Tax Allocation Refunding Bonds, Series A and Series B

On August 20, 2019, the Successor Agency of the City of Davis issued the 2019 Tax Allocation Refunding Bonds, Series A, in the amount of \$10,600,000, and 2019 Taxable Tax Allocation Refunding Bonds, Series B, in the amount of \$12,220,000. The 2019 TARBS proceeds together with \$11,337,480 of Successor Agency’s other restricted cash and investments were used to refund the outstanding balances of the 2003 Tax Allocation Refunding Bonds, 2007 Tax Allocation Refunding Bonds, 2007 Taxable Housing Refunding Bonds and the 2011 Subordinate Tax Allocation Bonds, Series A and B. The remaining proceeds were used to pay the costs of issuance of the 2019 Bonds and to purchase a 2019 Reserve Policy. The bonds are payable from and secured by a pledge of tax revenues. Principal payments are payable annually on September 1 and interest is payable semi-annually each March 1 and September 1.

As discussed above, the Successor Agency has pledged all future tax increment revenues for the repayment of the 2019 Series A and B Tax Allocation Refunding Bonds. The pledge of all future tax increment revenues ends upon repayment of the combined remaining debt service of \$27,633,000 on the Bonds above, which is scheduled to occur in 2038. For fiscal year 2020-21, net tax increment revenues amounted to \$1,894,326, which the Successor Agency used, along with other resources to pay the debt service on the bonds of \$2,469,320.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF DAVIS
Required Supplementary Information
For the year ended June 30, 2021

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 Supplementary Information
For the year ended June 30, 2021

1. PENSION PLANS (Continued)

Miscellaneous Plan
Agent Multiple-Employer Defined Benefit Plan
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
Total Pension Liability			
Service Cost	\$3,147,626	\$2,785,521	\$2,725,273
Interest	12,920,680	13,336,226	13,776,661
Differences between expected and actual experience		(2,152,773)	(1,273,504)
Changes in assumptions		(3,206,955)	
Changes in benefits			
Benefit payments, including refunds of employee contributions	(8,202,831)	(8,744,147)	(9,377,495)
Net change in total pension liability	7,865,475	2,017,872	5,850,935
Total pension liability - beginning	174,803,327	182,668,802	184,686,674
Total pension liability - ending (a)	<u>\$182,668,802</u>	<u>\$184,686,674</u>	<u>\$190,537,609</u>
Plan fiduciary net position			
Contributions - employer	\$3,558,115	\$3,936,577	\$4,355,132
Contributions - employee	1,643,358	1,350,680	1,309,552
Net investment income	19,449,181	2,875,200	686,326
Plan to plan resource movement		(58,660)	
Administrative expenses		(144,696)	(78,298)
Benefit payments, including refunds of employee contributions	(8,202,831)	(8,744,147)	(9,377,495)
Other Miscellaneous Income/(Expense)			
Net change in plan fiduciary net position	16,447,823	(785,046)	(3,104,783)
Plan fiduciary net position - beginning	112,810,277	129,258,100	128,473,054
Plan fiduciary net position - ending (b)	<u>\$129,258,100</u>	<u>\$128,473,054</u>	<u>\$125,368,271</u>
Net pension liability - ending (a)-(b)	<u>\$53,410,702</u>	<u>\$56,213,620</u>	<u>\$65,169,338</u>
Plan fiduciary net position as a percentage of the total pension liability	70.76%	69.56%	65.80%
Covered payroll	\$16,345,659	\$16,448,436	\$16,260,801
Net pension liability as percentage of covered payroll	326.76%	341.76%	400.78%

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. 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. GASB 68, paragraph 68 states that the long term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. In 2018, 2019 and 2020, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts were based on the 7.5% discount rate. All other assumptions for the June 30, 2014 measurement date were the same as those used for the June 30, 2015 and 2016 measurement date. In 2017, the accounting discount rate reduced from 7.65% to 7.15%.

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

CITY OF DAVIS
Required Supplementary Information
For the year ended June 30, 2021

1. PENSION PLANS (Continued)

Miscellaneous Plan			
6/30/2017	6/30/2018	6/30/2019	6/30/2020
\$3,060,195	\$3,197,240	\$3,212,631	\$3,304,946
14,174,637	14,683,109	15,379,855	16,128,658
(436,564)	1,359,674	2,929,253	3,930,389
11,523,152	(1,361,376)		
(9,815,233)	(10,565,084)	(11,580,130)	(12,612,401)
18,506,187	7,313,563	9,941,609	10,751,592
190,537,609	209,043,796	216,357,359	226,298,968
<u>\$209,043,796</u>	<u>\$216,357,359</u>	<u>\$226,298,968</u>	<u>\$237,050,560</u>
\$5,231,459	\$5,636,259	\$6,532,938	\$7,344,084
1,423,366	1,562,038	1,572,060	1,595,884
13,939,545	11,549,829	9,497,248	7,464,482
43,704	(334)		
(185,098)	(211,935)	(102,458)	(210,750)
(9,815,233)	(10,565,084)	(11,580,130)	(12,612,401)
(402,468)		334	
10,637,743	7,568,305	5,919,992	3,581,299
125,368,271	136,006,014	143,574,319	149,494,311
<u>\$136,006,014</u>	<u>\$143,574,319</u>	<u>\$149,494,311</u>	<u>\$153,075,610</u>
<u>\$73,037,782</u>	<u>\$72,783,040</u>	<u>\$76,804,657</u>	<u>\$83,974,950</u>
65.06%	66.36%	66.06%	64.58%
\$17,279,336	\$17,524,711	\$19,466,904	\$19,466,904
422.69%	415.32%	394.54%	431.37%

CITY OF DAVIS
Required Supplementary Information
For the year ended June 30, 2021

1. PENSION PLANS (Continued)

Miscellaneous Plan
Agent Multiple-Employer Defined Benefit Plan
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30:	Miscellaneous Plan						
	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$3,935,948	\$4,354,487	\$6,154,074	\$5,225,289	\$6,432,957	\$6,395,072	\$7,976,975
Contributions in relation to the actuarially determined contributions	3,935,948	4,354,487	6,154,074	5,225,289	6,432,957	6,395,072	7,976,975
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$16,448,436	\$16,260,801	\$17,279,336	\$17,524,711	\$19,466,904	\$19,477,610	\$19,082,709
Contributions as a percentage of covered payroll	23.93%	26.78%	35.62%	29.82%	33.05%	32.83%	41.80%

Notes to Schedule

Valuation date: 6/30/2012 6/30/2013 6/30/2014 6/30/2015 6/30/2016 6/30/2017 6/30/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Asset valuation method	Market Value of Assets
Inflation	2.75% for 2015 to 2019, 2.625% for 2020, and 2.50% for 2021
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.50% for 2015 to 2018, 7.375% for 2019, 7.25% for 2020 and 7.00% for 2021, net of pension plan investment expense, including inflation
Retirement age	The probabilities of Retirement are based on the CalPERS Experience Study
Mortality	The probabilities of mortality are based on the CalPERS Experience Study. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale AA published by the Society of Actuaries for 2015 to 2018. For 2019, 2020 and 2021, pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

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

CITY OF DAVIS
Required Supplementary Information
For the year ended June 30, 2021

1. PENSION PLANS (Continued)

Safety Plan
 Cost-Sharing Multiple-Employer Defined Benefit Plan
 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	6/30/2019	6/30/2020
Plan's Proportion of the Net Pension Liability (Asset)	0.61%	0.90%	0.87%	0.85%	0.88%	0.89%	0.90%
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	\$55,414,232	\$59,638,789
Plan's Covered Payroll (A)	\$9,768,195	\$9,475,749	\$9,243,560	\$8,848,363	\$10,025,155	\$10,972,143	\$11,945,894
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%	505.04%	499.24%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	79.82%	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%

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 Supplementary Information
For the year ended June 30, 2021

1. PENSION PLANS (Continued)

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

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended June 30:	Safety Plan						
	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$2,705,123	\$1,504,861	\$1,780,246	\$3,871,021	\$2,776,563	\$4,159,124	\$5,916,645
Contributions in relation to the actuarially determined contributions	(2,705,123)	(1,504,861)	(1,780,246)	(3,871,021)	(2,776,563)	(4,159,124)	(5,916,645)
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<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	\$11,945,894	\$12,226,350
Contributions as a percentage of covered payroll	28.55%	16.28%	20.12%	38.61%	25.31%	34.82%	48.39%
Notes to Schedule							
Valuation date:	6/30/2012	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018

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

CITY OF DAVIS
Required Supplementary Information
For the year ended June 30, 2021

2. OTHER POST RETIREMENT BENEFIT PLAN

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

Measurement Date	6/30/17	6/30/18	6/30/19	6/30/20
Total OPEB Liability				
Service Cost	\$2,299,000	\$2,367,970	\$2,597,615	\$2,637,101
Interest	5,714,000	5,995,382	6,290,476	6,388,825
Changes in benefit terms				
Differences between expected and actual experience		935,453		(13,244,897)
Changes of assumptions	(3,872,000)	2,496,947	(3,231,840)	(6,866,865)
Benefit payments		(3,955,000)	(4,183,615)	(4,181,733)
Net change in total OPEB liability	4,141,000	7,840,752	1,472,636	(15,267,569)
Total OPEB liability - beginning	84,289,000	88,430,000	96,270,752	97,743,388
Total OPEB liability - ending (a)	\$88,430,000	\$96,270,752	\$97,743,388	\$82,475,819
Plan fiduciary net position				
Contributions - employer	\$10,146,000	\$7,391,743	\$7,294,033	\$4,181,733
Contributions - employee				
Net investment income	2,472,000	2,356,688	2,214,817	1,432,994
Other additions		171		
Administrative expense	(22,000)	(15,947)	(7,632)	(19,814)
Benefit payments	(3,872,000)	(3,955,000)	(4,183,615)	(4,181,733)
Other deductions		(39,031)		
Net change in plan fiduciary net position	8,724,000	5,738,624	5,317,603	1,413,180
Plan fiduciary net position - beginning	20,771,000	29,495,000	35,233,624	40,551,227
Plan fiduciary net position - ending (b)	\$29,495,000	\$35,233,624	\$40,551,227	\$41,964,407
Net OPEB liability - ending (a)-(b)	\$58,935,000	\$61,037,128	\$57,192,161	\$40,511,412
Plan fiduciary net position as a percentage of the total OPEB liability	33.35%	36.60%	41.49%	50.88%
Covered-employee payroll	\$265,776,669	\$27,549,867	\$32,754,164	\$35,085,739
Net OPEB liability as a percentage of covered-employee payroll	22.17%	221.55%	174.61%	115.46%

* Fiscal year 2018 was the first year of implementation.

CITY OF DAVIS
Required Supplementary Information
For the year ended June 30, 2021

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	2020	2021
Actuarially determined contribution	\$6,125,000	\$6,310,000	\$7,259,000	\$7,464,000
Contributions in relation to the actuarially determined contribution	7,408,000	7,243,033	4,181,733	4,982,975
Contribution deficiency (excess)	(\$1,283,000)	(\$933,033)	\$3,077,267	\$2,481,025
Covered-employee payroll	\$27,549,867	\$32,754,164	\$35,085,739	\$35,259,736
Contributions as a percentage of covered-employee payroll	26.89%	22.11%	11.92%	14.13%

* Fiscal year 2018 was the first year of implementation.

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Straight-line amortization over a closed 5-year period
Amortization Period	16-year fixed period for 2019/20
Asset Valuation Method	Investment gains and losses spread over 5-year closed period
Discount Rate	6.25%
General Inflation	2.25%
Medical Trend	<ul style="list-style-type: none"> • Non-Medicare - 6.7% for 2021, decreasing to an ultimate rate of 3.7% in 2075 and later years • Medicare - 5.6% for 2020, decreasing to an ultimate rate of 4.0% in 2075 and later years
Mortality, Retirement, Disability, Termination	• CalPERS 2010 General and Safety
Mortality Improvement	Healthy mortality: 2010 General and Safety - median income Employee and Retiree mortality tables projected with generational mortality improvement using 80% of scale. Disabled mortality: 2010 General and Safety - Disabled mortality tables projected with generational mortality improvement using 80% of scale MP-2020.

CITY OF DAVIS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES:				
Taxes	\$49,683,035	\$51,505,035	\$54,886,056	\$3,381,021
Fines and forfeitures	350,000	350,000	152,217	(197,783)
Use of money and property	1,528,685	1,528,685	1,173,085	(355,600)
Intergovernmental	60,150	1,988,183	2,389,993	401,810
Charges for current services	8,734,290	8,958,046	7,027,272	(1,930,774)
Development fees		30,000	30,000	
Administrative fee - other funds	2,397,176	2,397,176	2,551,913	154,737
Other	1,796,478	3,123,478	1,537,394	(1,586,084)
Total Revenues	64,549,814	69,880,603	69,747,930	(132,673)
EXPENDITURES:				
Current:				
City Council	206,967	206,967	208,304	(1,337)
City Attorney	170,217	170,217	256,964	(86,747)
City Manager	3,934,556	4,361,080	3,870,443	490,637
Administrative services	3,387,493	3,733,763	3,101,075	632,688
Community development	6,339,515	6,494,046	5,309,738	1,184,308
Parks and community services	11,946,421	11,753,386	11,643,644	109,742
Public safety - fire	11,220,252	12,627,783	12,192,575	435,208
Public safety - police	19,707,888	19,143,495	19,698,579	(555,084)
Public works	5,598,591	5,954,725	5,209,533	745,192
Debt Service:				
Principal	192,259	192,259	192,259	
Interest	21,762	21,762	21,762	
Capital outlay	1,931,461	3,574,797	1,007,815	2,566,982
Total Expenditures	64,657,382	68,234,280	62,712,691	5,521,589
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(107,568)	1,646,323	7,035,239	5,388,916
OTHER FINANCING SOURCES (USES)				
Transfers in			37,605	37,605
Transfers out	(6,002,493)	(7,691,493)	(5,471,202)	2,220,291
Total other financing sources (uses)	(6,002,493)	(7,691,493)	(5,433,597)	2,257,896
Net Change in Fund Balance	(\$6,110,061)	(\$6,045,170)	1,601,642	\$7,646,812
Beginning fund balance			21,307,556	
Ending fund balance			<u>22,909,198</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, 2021

	<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	\$42,458	\$42,458	\$185,576	\$143,118
Intergovernmental	366,282	422,320	1,109,421	687,101
Charges for services	254,232	254,232	2,229,741	1,975,509
Other	45,000	45,000	(4,096)	(49,096)
Total Revenues	<u>707,972</u>	<u>764,010</u>	<u>3,520,642</u>	<u>2,756,632</u>
EXPENDITURES:				
Current:				
Special projects	<u>891,855</u>	<u>1,223,831</u>	<u>994,878</u>	<u>228,953</u>
Total Expenditures	<u>891,855</u>	<u>1,223,831</u>	<u>994,878</u>	<u>228,953</u>
Net Change in Fund Balance	<u>(\$183,883)</u>	<u>(\$459,821)</u>	2,525,764	<u>\$2,985,585</u>
Beginning fund balance, as restated			<u>35,212,449</u>	
Ending fund balance			<u>\$37,738,213</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, 2021

	<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	\$384,039	\$384,039	\$80,429	(\$303,610)
Development fees	<u>900,000</u>	<u>900,000</u>	<u>483,383</u>	<u>(416,617)</u>
Total Revenues	<u>1,284,039</u>	<u>1,284,039</u>	<u>563,812</u>	<u>(720,227)</u>
EXPENDITURES				
Capital outlay	<u>8,086,505</u>	<u>12,346,601</u>	<u>3,615,888</u>	<u>8,730,713</u>
Total Expenditures	<u>8,086,505</u>	<u>12,346,601</u>	<u>3,615,888</u>	<u>8,730,713</u>
Net Change in Fund Balance	<u>(\$6,802,466)</u>	<u>(\$11,062,562)</u>	<u>(3,052,076)</u>	<u>\$8,010,486</u>
BEGINNING FUND BALANCE			<u>21,539,568</u>	
ENDING FUND BALANCE			<u>\$18,487,492</u>	

CITY OF DAVIS
Notes to Required Supplementary Information
For the year ended June 30, 2021

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 biennial 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. The City Manager and City Treasurer may approve operating funds new appropriations of \$50,000 or less subject to limitations. For the capital budget, the City Manager and City Treasurer may approve transfers between projects up to \$175,000, 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 incorporates all administrative and City Council amendments through June 30, 2021. 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.

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 Sections 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, Proposition 172 funding and public safety grants. The Public Safety fee was implemented by City ordinance and may be expended only for Public Safety purposes.

Municipal Arts - This fund accounts for funds set aside per 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. Collections must be used for art acquisition.

Subdivision in Lieu Park Fees - This fund accounts for receipts and expenditures of funds from the City's In-Lieu Park Fee charged against property at subdivision. Collections may be expended only for the purpose of providing land for park or recreational facilities.

In-Lieu of Parking Payments - This fund accounts for payments received from developers in lieu of the on-site parking required for projects in certain zoning areas in the City. Receipts must be expended to acquire and/or develop off-street parking and related facilities.

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.

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

Economic Stimulus Grants – This fund accounts for the receipts and expenditures from the federal grant funds received through the American Rescue Plan Act of 2021

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.

Downtown Area Capital Revitalization – This fund accounts for the use of remaining proceeds from the 2011 Tax Allocation Refunding Bonds for capital projects in the City's downtown area.

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.

Capital Projects – This fund accounts for expenditures of General Fund and contributions to fund capital projects, including acquisition and improvements of public property, facilities, equipment and infrastructure.

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CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	SPECIAL REVENUE FUNDS			
	Gas Tax	TDA Non-Transit Use	Park Maintenance Tax	Cable TV
ASSETS				
Cash and investments	\$2,038,871	\$1,078,056		\$781,058
Accrued interest				
Receivables:				
General accounts	125,023		\$73,227	147,379
Grants				
Utility accounts				
Loans				
Total Assets	\$2,163,894	\$1,078,056	\$73,227	\$928,437
LIABILITIES				
Accounts payable	\$193,679			\$231
Wages payable	6,883			9,520
Unearned revenue				
Due to other funds			\$73,227	
Total Liabilities	200,562		73,227	9,751
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
FUND BALANCES				
Fund balances:				
Restricted	1,963,332	\$1,078,056		
Committed				918,686
Total Fund Balances	1,963,332	1,078,056		918,686
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$2,163,894	\$1,078,056	\$73,227	\$928,437

SPECIAL REVENUE FUNDS

Public Safety	Municipal Arts	Subdivision In-Lieu Park Fees	In-Lieu of Parking Payments	Parking	Federal/State Highway Grants
\$222,990	\$1,135,002	\$548,415	\$515,646	\$28,433	
129,575 9,956 290,711					\$1,999,725
<u>\$653,232</u>	<u>\$1,135,002</u>	<u>\$548,415</u>	<u>\$515,646</u>	<u>\$28,433</u>	<u>\$1,999,725</u>
\$58,887				\$824 111	\$686,566
246,176 261,649					795,005
<u>566,712</u>				<u>935</u>	<u>1,481,571</u>
					<u>33,782</u>
86,520	\$1,135,002	\$548,415	\$515,646	27,498	484,372
<u>86,520</u>	<u>1,135,002</u>	<u>548,415</u>	<u>515,646</u>	<u>27,498</u>	<u>484,372</u>
<u>\$653,232</u>	<u>\$1,135,002</u>	<u>\$548,415</u>	<u>\$515,646</u>	<u>\$28,433</u>	<u>\$1,999,725</u>

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	SPECIAL REVENUE FUNDS			
	Community Development Block Grant	Operational Grants	Agriculture Land Acquisition	Davisville Book
ASSETS				
Cash and investments	\$178,258	\$749,430	\$275,885	\$2,203
Accrued interest				
Receivables:				
General accounts				
Grants	116,886	146,259		
Utility accounts				
Loans	1,651,847			
	<u>\$1,946,991</u>	<u>\$895,689</u>	<u>\$275,885</u>	<u>\$2,203</u>
Total Assets				
	<u>\$1,946,991</u>	<u>\$895,689</u>	<u>\$275,885</u>	<u>\$2,203</u>
LIABILITIES				
Accounts payable	\$54,276	\$143,171	\$8,780	
Wages payable	1,477	2,370		
Unearned revenue		323,017		
Due to other funds				
	<u>55,753</u>	<u>468,558</u>	<u>8,780</u>	
Total Liabilities				
	<u>55,753</u>	<u>468,558</u>	<u>8,780</u>	
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue		56,766		
		<u>56,766</u>		
FUND BALANCES				
Fund balances:				
Restricted	1,891,238	370,365		
Committed			267,105	\$2,203
	<u>1,891,238</u>	<u>370,365</u>	<u>267,105</u>	<u>\$2,203</u>
Total Fund Balances				
	<u>1,891,238</u>	<u>370,365</u>	<u>267,105</u>	<u>2,203</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$1,946,991</u>	<u>\$895,689</u>	<u>\$275,885</u>	<u>\$2,203</u>

SPECIAL REVENUE FUNDS

CAPITAL PROJECTS FUNDS

Historical Fund	Brinley/Hattie Weber	Open Space	Economic Stimulus	Davis Research Park	Arlington Boulevard Benefit Area	Capital Grants
\$11	\$4,418	\$6,596,450	\$9,865,300	\$852,203	\$407,493	\$448,153
		33,644				25,174
<u>\$11</u>	<u>\$4,418</u>	<u>\$6,630,094</u>	<u>\$9,865,300</u>	<u>\$852,203</u>	<u>\$407,493</u>	<u>\$473,327</u>
		\$49,466 11,166	\$9,865,300			\$8,800
		60,632	9,865,300			8,800
						25,174
\$11	\$4,418	6,569,462		\$852,203	\$407,493	439,353
11	4,418	6,569,462		852,203	407,493	439,353
<u>\$11</u>	<u>\$4,418</u>	<u>\$6,630,094</u>	<u>\$9,865,300</u>	<u>\$852,203</u>	<u>\$407,493</u>	<u>\$473,327</u>

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2021

	CAPITAL PROJECTS FUNDS			
	Davis Land Acquisition	Public Facilities Financing Authority	Downtown Area Capital Revitalization	Oxford Circle Park and Parking Lot
ASSETS				
Cash and investments	\$1,438,330	\$235,788		\$3
Accrued interest				
Receivables:				
General accounts				
Grants				
Utility accounts				
Loans				
Total Assets	\$1,438,330	\$235,788		\$3
LIABILITIES				
Accounts payable				
Wages payable				
Unearned revenue				
Due to other funds				
Total Liabilities				
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue				
FUND EQUITY				
Fund balances:				
Restricted	\$1,438,330	\$235,788		\$3
Committed				
Total Fund Balances	1,438,330	235,788		3
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$1,438,330	\$235,788		\$3

<u>CAPITAL PROJECTS FUND</u>	
<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$7,734,744	\$35,137,140
978,127	1,486,975 2,298,000 290,711 1,651,847
<u>\$8,712,871</u>	<u>\$40,864,673</u>
\$712,225 9,104 777,601	\$1,916,905 40,631 11,212,094 1,129,881
<u>1,498,930</u>	<u>14,299,511</u>
	<u>115,722</u>
7,213,941	23,492,351 2,957,089
<u>7,213,941</u>	<u>26,449,440</u>
<u>\$8,712,871</u>	<u>\$40,864,673</u>

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	SPECIAL REVENUE FUNDS			
	Gas Tax	TDA Non-Transit Use	Park Maintenance Tax	Cable TV
REVENUES				
Taxes			\$1,468,379	\$468,319
Fines and forfeitures				
Use of money and property	\$15,512	\$2,150		(1,270)
Intergovernmental	2,786,056	526,474		100,468
Charges for current services				
Development fees				
Other				
Total Revenues	<u>2,801,568</u>	<u>528,624</u>	<u>1,468,379</u>	<u>567,517</u>
EXPENDITURES				
Current:				
City Manager				40,940
Administrative service				590,747
Community development				
Parks and community services			1,540,277	153,383
Public safety - fire				
Public safety - police				
Public works	1,164,861	14,563		
Special projects				
Capital outlay	<u>1,532,293</u>			
Total Expenditures	<u>2,697,154</u>	<u>14,563</u>	<u>1,540,277</u>	<u>785,070</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>104,414</u>	<u>514,061</u>	<u>(71,898)</u>	<u>(217,553)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in		65,621		
Transfers (out)				
Total other financing sources (uses)		<u>65,621</u>		
Net Change in Fund Balance	104,414	579,682	(71,898)	(217,553)
BEGINNING FUND BALANCES	<u>1,858,918</u>	<u>498,374</u>	<u>71,898</u>	<u>1,136,239</u>
ENDING FUND BALANCES	<u><u>\$1,963,332</u></u>	<u><u>\$1,078,056</u></u>	<u><u>\$918,686</u></u>	

SPECIAL REVENUE FUNDS

Public Safety	Municipal Arts	Subdivision In-Lieu Park Fees	In-Lieu of Parking Payments	Parking	Federal/State Highway Grants
\$594,111					
5,157					
(8,099)	\$1,471	\$660	\$1,008	\$7,852	
174,990					\$3,350,206
2,931,399					
	302,362	56,304	18,768		
	20,015				
<u>3,697,558</u>	<u>323,848</u>	<u>56,964</u>	<u>19,776</u>	<u>7,852</u>	<u>3,350,206</u>
52,949				7,680	
	4,279			14,638	
1,924,975					
1,816,869					17,290
		152,174		4,689	1,463,021
<u>3,794,793</u>	<u>4,279</u>	<u>152,174</u>		<u>27,007</u>	<u>1,480,311</u>
(97,235)	319,569	(95,210)	19,776	(19,155)	1,869,895
(97,235)	319,569	(95,210)	19,776	(19,155)	1,869,895
183,755	815,433	643,625	495,870	46,653	(1,385,523)
<u>\$86,520</u>	<u>\$1,135,002</u>	<u>\$548,415</u>	<u>\$515,646</u>	<u>\$27,498</u>	<u>\$484,372</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, 2021

	SPECIAL REVENUE FUNDS			
	Community Development Block Grant	Operational Grants	Agriculture Land Acquisition	Davisville Book
REVENUES				
Taxes				
Fines and forfeitures				
Use of money and property	(\$956)	\$9,094	\$537	\$4
Intergovernmental	825,523	2,537,947		
Charges for current services				
Development fees				
Other	8,169			
Total Revenues	<u>832,736</u>	<u>2,547,041</u>	<u>537</u>	<u>4</u>
EXPENDITURES				
Current:				
City Manager				
Administrative service				
Community development			8,877	
Parks and community services				
Public safety - fire				
Public safety - police				
Public works				
Special projects	700,025	2,650,658		
Capital outlay	200,012			
Total Expenditures	<u>900,037</u>	<u>2,650,658</u>	<u>8,877</u>	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(67,301)</u>	<u>(103,617)</u>	<u>(8,340)</u>	<u>4</u>
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers (out)				
Total other financing sources (uses)				
Net Change in Fund Balance	(67,301)	(103,617)	(8,340)	4
BEGINNING FUND BALANCES	<u>1,958,539</u>	<u>473,982</u>	<u>275,445</u>	<u>2,199</u>
ENDING FUND BALANCES	<u>\$1,891,238</u>	<u>\$370,365</u>	<u>\$267,105</u>	<u>\$2,203</u>

SPECIAL REVENUE FUNDS				CAPITAL PROJECTS FUNDS		
Historical	Brinley/Hattie Weber	Open Space	Economic Stimulus	Davis Research Park	Arlington Boulevard Benefit Area	Capital Grants
		\$674,675				
	\$9	15,916		\$1,691	\$808	\$932
	78					
	87	690,591		1,691	808	932
		251,612				
		86,668				25,174
		338,280				25,174
	87	352,311		1,691	808	(24,242)
	87	352,311		1,691	808	(24,242)
\$11	4,331	6,217,151		850,512	406,685	463,595
\$11	\$4,418	\$6,569,462		\$852,203	\$407,493	\$439,353

(Continued)

CITY OF DAVIS
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	CAPITAL PROJECTS FUNDS			
	Davis Land Acquisition	Public Facilities Financing Authority	Downtown Area Capital Revitalization	Oxford Circle Park and Parking Lot
REVENUES				
Taxes				
Fines and forfeitures				
Use of money and property	\$2,311	\$468		\$74
Intergovernmental				
Charges for current services				
Development fees				
Other				
Total Revenues	<u>2,311</u>	<u>468</u>		<u>74</u>
EXPENDITURES				
Current:				
City Manager				
Administrative service				
Community development				
Parks and community services				
Public safety - fire				
Public safety - police				
Public works				
Special projects				
Capital outlay				304
Total Expenditures				<u>304</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,311</u>	<u>468</u>		<u>(230)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in				
Transfers (out)				(37,605)
Total other financing sources (uses)				<u>(37,605)</u>
Net Change in Fund Balance	2,311	468		(37,835)
BEGINNING FUND BALANCES	<u>1,436,019</u>	<u>235,320</u>		<u>37,838</u>
ENDING FUND BALANCES	<u>\$1,438,330</u>	<u>\$235,788</u>		<u>\$3</u>

CAPITAL
PROJECTS
FUND

Capital Projects	Total Nonmajor Governmental Funds
	\$3,205,484
	5,157
	50,172
	10,301,664
	2,931,399
	377,434
\$200,526	228,788
<u>200,526</u>	<u>17,100,098</u>
	40,940
	651,376
	27,794
	1,693,660
	2,176,587
	1,816,869
	1,196,714
	3,350,683
3,937,647	7,401,982
<u>3,937,647</u>	<u>18,356,605</u>
<u>(3,737,121)</u>	<u>(1,256,507)</u>
5,471,202	5,536,823
<u>5,471,202</u>	<u>(37,605)</u>
<u>5,471,202</u>	<u>5,499,218</u>
1,734,081	4,242,711
<u>5,479,860</u>	<u>22,206,729</u>
<u>\$7,213,941</u>	<u>\$26,449,440</u>

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, 2021

	GAS TAX			TDA NON-TRANSIT USE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Fines and forfeitures						
Use of money and property	\$23,326	\$15,512	(\$7,814)	\$6,734	\$2,150	(\$4,584)
Intergovernmental	2,878,029	2,786,056	(91,973)	524,474	526,474	2,000
Charges for current services						
Development fees						
Other						
Total Revenues	<u>2,901,355</u>	<u>2,801,568</u>	<u>(99,787)</u>	<u>531,208</u>	<u>528,624</u>	<u>(2,584)</u>
EXPENDITURES						
Current:						
City Manager						
Administrative services						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works	1,953,658	1,164,861	788,797	1,114,563	14,563	1,100,000
Special projects						
Capital outlay	<u>1,520,503</u>	<u>1,532,293</u>	<u>(11,790)</u>			
Total Expenditures	<u>3,474,161</u>	<u>2,697,154</u>	<u>777,007</u>	<u>1,114,563</u>	<u>14,563</u>	<u>1,100,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(572,806)	104,414	677,220	(583,355)	514,061	1,097,416
OTHER FINANCING SOURCES (USES):						
Transfers in					65,621	65,621
Transfers (out)						
Total other financing sources (uses)					<u>65,621</u>	<u>65,621</u>
Net Change in Fund Balance	<u>(\$572,806)</u>	104,414	<u>\$677,220</u>	<u>(\$583,355)</u>	579,682	<u>\$1,163,037</u>
BEGINNING FUND BALANCE		<u>1,858,918</u>			<u>498,374</u>	
ENDING FUND BALANCE		<u>\$1,963,332</u>			<u>\$1,078,056</u>	

PARK MAINTENANCE TAX			CABLE TV			PUBLIC SAFETY		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$1,475,780	\$1,468,379	(\$7,401)	\$500,000	\$468,319	(\$31,681)	\$771,000	\$594,111	(\$176,889)
			18,813	(1,270)	(20,083)	9,274	5,157	5,157
			60,000	100,468	40,468	120,000	(8,099)	(17,373)
						2,885,500	174,990	54,990
							2,931,399	45,899
<u>1,475,780</u>	<u>1,468,379</u>	<u>(7,401)</u>	<u>578,813</u>	<u>567,517</u>	<u>(11,296)</u>	<u>3,785,774</u>	<u>3,697,558</u>	<u>(88,216)</u>
			27,015	40,940	(13,925)			
			919,104	590,747	328,357	59,995	52,949	7,046
1,545,020	1,540,277	4,743	386,377	153,383	232,994	1,802,890	1,924,975	(122,085)
						1,995,904	1,816,869	179,035
<u>1,545,020</u>	<u>1,540,277</u>	<u>4,743</u>	<u>1,332,496</u>	<u>785,070</u>	<u>547,426</u>	<u>3,858,789</u>	<u>3,794,793</u>	<u>63,996</u>
(69,240)	(71,898)	(2,658)	(753,683)	(217,553)	536,130	(73,015)	(97,235)	(24,220)
<u>(\$69,240)</u>	<u>(71,898)</u>	<u>(\$2,658)</u>	<u>(\$753,683)</u>	<u>(217,553)</u>	<u>\$536,130</u>	<u>(\$73,015)</u>	<u>(97,235)</u>	<u>(\$24,220)</u>
	<u>71,898</u>			<u>1,136,239</u>			<u>183,755</u>	
				<u>\$918,686</u>			<u>\$86,520</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, 2021

	MUNICIPAL ARTS			SUBDIVISION IN-LIEU PARK FEES		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Fines and forfeitures						
Use of money and property	\$13,651	\$1,471	(\$12,180)	\$12,559	\$660	(\$11,899)
Intergovernmental						
Charges for current services						
Development fees	10,000	302,362	292,362	125,000	56,304	(68,696)
Other		20,015	20,015			
Total Revenues	<u>23,651</u>	<u>323,848</u>	<u>300,197</u>	<u>137,559</u>	<u>56,964</u>	<u>(80,595)</u>
EXPENDITURES						
Current:						
City Manager						
Administrative services	35,143	4,279	30,864			
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital outlay				926,660	152,174	774,486
Total Expenditures	<u>35,143</u>	<u>4,279</u>	<u>30,864</u>	<u>926,660</u>	<u>152,174</u>	<u>774,486</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(11,492)	319,569	331,061	(789,101)	(95,210)	693,891
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers (out)						
Total other financing sources (uses)						
Net Change in Fund Balance	<u>(\$11,492)</u>	319,569	<u>\$331,061</u>	<u>(\$789,101)</u>	(95,210)	<u>\$693,891</u>
BEGINNING FUND BALANCE		<u>815,433</u>			<u>643,625</u>	
ENDING FUND BALANCE		<u>\$1,135,002</u>			<u>\$548,415</u>	

IN-LIEU OF PARKING PAYMENTS			PARKING			FEDERAL/STATE HIGHWAY GRANTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$8,652	\$1,008	(\$7,644)	\$37,009	\$7,852	(\$29,157)	\$14,884,989	\$3,350,206	(\$11,534,783)
	18,768	18,768						
<u>8,652</u>	<u>19,776</u>	<u>11,124</u>	<u>37,009</u>	<u>7,852</u>	<u>(29,157)</u>	<u>14,884,989</u>	<u>3,350,206</u>	<u>(11,534,783)</u>
			34,178	7,680	26,498			
			25,399	14,638	10,761			
						17,786	17,290	496
			<u>1,085</u>	<u>4,689</u>	<u>(3,604)</u>	<u>14,909,802</u>	<u>1,463,021</u>	<u>13,446,781</u>
			<u>60,662</u>	<u>27,007</u>	<u>33,655</u>	<u>14,927,588</u>	<u>1,480,311</u>	<u>13,447,277</u>
8,652	19,776	11,124	(23,653)	(19,155)	4,498	(42,599)	1,869,895	1,912,494
<u>\$8,652</u>	<u>19,776</u>	<u>\$11,124</u>	<u>(\$23,653)</u>	<u>(19,155)</u>	<u>\$4,498</u>	<u>(\$42,599)</u>	<u>1,869,895</u>	<u>\$1,912,494</u>
	<u>495,870</u>			<u>46,653</u>			<u>(1,385,523)</u>	
	<u>\$515,646</u>			<u>\$27,498</u>			<u>\$484,372</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, 2021

	COMMUNITY DEVELOPMENT BLOCK GRANT			OPERATIONAL GRANTS		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes						
Fines and forfeitures						
Use of money and property	\$3,957	(\$956)	(\$4,913)	\$739	\$9,094	\$8,355
Intergovernmental	1,163,646	825,523	(338,123)	3,062,696	2,537,947	(524,749)
Charges for current services						
Development fees						
Other		8,169	8,169			
Total Revenues	<u>1,167,603</u>	<u>832,736</u>	<u>(334,867)</u>	<u>3,063,435</u>	<u>2,547,041</u>	<u>(516,394)</u>
EXPENDITURES						
Current:						
City Manager						
Administrative services						
Community development						
Parks and community services						
Public safety - fire						
Public safety - police						
Public works						
Special projects	793,266	700,025	93,241	3,485,577	2,650,658	834,919
Capital outlay	729,595	200,012	529,583			
Total Expenditures	<u>1,522,861</u>	<u>900,037</u>	<u>622,824</u>	<u>3,485,577</u>	<u>2,650,658</u>	<u>834,919</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(355,258)	(67,301)	287,957	(422,142)	(103,617)	318,525
OTHER FINANCING SOURCES (USES):						
Transfers in				66,300		(66,300)
Transfers (out)						
Total other financing sources (uses)				<u>66,300</u>		<u>(66,300)</u>
Net Change in Fund Balance	<u>(\$355,258)</u>	(67,301)	<u>\$287,957</u>	<u>(\$355,842)</u>	(103,617)	<u>\$252,225</u>
BEGINNING FUND BALANCE		<u>1,958,539</u>			<u>473,982</u>	
ENDING FUND BALANCE		<u>\$1,891,238</u>			<u>\$370,365</u>	

AGRICULTURE LAND ACQUISITION			DAVISVILLE BOOK			HISTORICAL		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$4,805	\$537	(\$4,268)	\$39	\$4	(\$35)			
<u>4,805</u>	<u>537</u>	<u>(4,268)</u>	<u>39</u>	<u>4</u>	<u>(35)</u>			
13,097	8,877	4,220						
<u>13,097</u>	<u>8,877</u>	<u>4,220</u>						
(8,292)	(8,340)	(48)	39	4	(35)			
<u>(\$8,292)</u>	<u>(8,340)</u>	<u>(\$48)</u>	<u>\$39</u>	<u>4</u>	<u>(\$35)</u>			
	<u>275,445</u>			<u>2,199</u>			<u>\$11</u>	
	<u>\$267,105</u>			<u>\$2,203</u>			<u>\$11</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, 2021

	BRINLEY/HATTIE WEBER			OPEN SPACE		
	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
REVENUES						
Taxes				\$688,425	\$674,675	(\$13,750)
Fines and forfeitures						
Use of money and property	\$76	\$9	(\$67)	102,488	15,916	(86,572)
Intergovernmental						
Charges for current services						
Development fees						
Other		78	78			
Total Revenues	<u>76</u>	<u>87</u>	<u>11</u>	<u>790,913</u>	<u>690,591</u>	<u>(100,322)</u>
EXPENDITURES						
Current:						
City Manager						
Administrative services						
Community development						
Parks and community services				358,251	251,612	106,639
Public safety - fire						
Public safety - police						
Public works						
Special projects						
Capital outlay				117,401	86,668	30,733
Total Expenditures				<u>475,652</u>	<u>338,280</u>	<u>137,372</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	76	87	11	315,261	352,311	37,050
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers (out)						
Total other financing sources (uses)						
Net Change in Fund Balance	<u>\$76</u>	87	<u>\$11</u>	<u>\$315,261</u>	352,311	<u>\$37,050</u>
BEGINNING FUND BALANCE		<u>4,331</u>			<u>6,217,151</u>	
ENDING FUND BALANCE		<u>\$4,418</u>			<u>\$6,569,462</u>	

DAVIS RESEARCH PARK			ARLINGTON BOULEVARD BENEFIT AREA			CAPITAL GRANTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
\$14,840	\$1,691	(\$13,149)	\$7,096	\$808	(\$6,288)	\$8,402 275,133	\$932	(\$7,470) (275,133)
<u>14,840</u>	<u>1,691</u>	<u>(13,149)</u>	<u>7,096</u>	<u>808</u>	<u>(6,288)</u>	<u>283,535</u>	<u>932</u>	<u>(282,603)</u>
						240,000	25,174	214,826
						240,000	25,174	214,826
14,840	1,691	(13,149)	7,096	808	(6,288)	43,535	(24,242)	(67,777)
<u>\$14,840</u>	<u>1,691</u>	<u>(\$13,149)</u>	<u>\$7,096</u>	<u>808</u>	<u>(\$6,288)</u>	<u>\$43,535</u>	<u>(24,242)</u>	<u>(\$67,777)</u>
	<u>850,512</u>			<u>406,685</u>			<u>463,595</u>	
	<u>\$852,203</u>			<u>\$407,493</u>			<u>\$439,353</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, 2021

	<u>DAVIS LAND ACQUISITION</u>			<u>PUBLIC FACILITIES FINANCING AUTHORITY</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES						
Taxes						
Fines and forfeitures						
Use of money and property	\$25,730	\$2,311	(\$23,419)	\$4,106	\$468	(\$3,638)
Intergovernmental						
Charges for current services						
Development fees						
Other						
	<u>25,730</u>	<u>2,311</u>	<u>(23,419)</u>	<u>4,106</u>	<u>468</u>	<u>(3,638)</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						
Total Expenditures						
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	25,730	2,311	(23,419)	4,106	468	(3,638)
OTHER FINANCING SOURCES (USES):						
Transfers in						
Transfers (out)						
Total other financing sources (uses)						
Net Change in Fund Balance	<u>\$25,730</u>	2,311	<u>(\$23,419)</u>	<u>\$4,106</u>	468	<u>(\$3,638)</u>
BEGINNING FUND BALANCE		<u>1,436,019</u>			<u>235,320</u>	
ENDING FUND BALANCE		<u>\$1,438,330</u>			<u>\$235,788</u>	

DOWNTOWN AREA CAPITAL REVITALIZATION			OXFORD CIRCLE PARK AND PARKING LOT			CAPITAL PROJECTS		
Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)	Budget	Actual	Variance Positive (Negative)
			\$662	\$74	(\$588)			
						\$1,000,000	\$200,526	(\$799,474)
			662	74	(588)	1,000,000	200,526	(799,474)
\$5,010,021		\$5,010,021	304	304		9,731,728	3,937,647	5,794,081
5,010,021		5,010,021	304	304		9,731,728	3,937,647	5,794,081
(5,010,021)		5,010,021	358	(230)	(588)	(8,731,728)	(3,737,121)	4,994,607
5,010,021		(5,010,021)		(37,605)	(37,605)	7,691,493	5,471,202	(2,220,291)
5,010,021		(5,010,021)		(37,605)	(37,605)	7,691,493	5,471,202	(2,220,291)
			\$358	(37,835)	(\$38,193)	(\$1,040,235)	1,734,081	\$2,774,316
				37,838			5,479,860	
				\$3			\$7,213,941	

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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, 2021

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
ASSETS					
Current Assets:					
Cash and investments	\$28,477,278	\$791,311	\$395,577		\$29,664,166
Accrued interest					
Accounts receivable	24,658		24,081	\$87,071	135,810
Inventory	301,977				301,977
Prepaid					
Total Current Assets	<u>28,803,913</u>	<u>791,311</u>	<u>419,658</u>	<u>87,071</u>	<u>30,101,953</u>
Noncurrent Assets:					
Advances to other funds	94,965				94,965
Capital assets:					
Non-depreciable	424,665				424,665
Depreciable	16,135,733	237,538			16,373,271
Accumulated depreciation	(10,460,293)	(38,402)			(10,498,695)
Total Noncurrent Assets	<u>6,195,070</u>	<u>199,136</u>			<u>6,394,206</u>
Total Assets	<u>34,998,983</u>	<u>990,447</u>	<u>419,658</u>	<u>87,071</u>	<u>36,496,159</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pension	1,761,615	360,624	1,342,322		3,464,561
Deferred outflows related to OPEB	326,509	90,677	460,430		877,616
Total Deferred Outflows of Resources	<u>2,088,124</u>	<u>451,301</u>	<u>1,802,752</u>		<u>4,342,177</u>
LIABILITIES					
Current Liabilities:					
Payables:					
Accounts	359,687	73,228	40,964	4,853	478,732
Wages	106,983	18,831	20,788		146,602
Leave benefits	238,130	37,237	44,345		319,712
Due to other funds				1,022,326	1,022,326
Claims payable:					
Due within one year			117,593		117,593
Total Current Liabilities	<u>704,800</u>	<u>129,296</u>	<u>223,690</u>	<u>1,027,179</u>	<u>2,084,965</u>
Noncurrent Liabilities:					
Claims payable:					
Due in more than one year			62,924		62,924
Net pension liability	4,710,100	1,226,571	1,313,191		7,249,862
Net OPEB liability	1,798,506	560,990	3,568,029		5,927,525
Total Noncurrent Liabilities	<u>6,508,606</u>	<u>1,787,561</u>	<u>4,944,144</u>		<u>13,240,311</u>
Total Liabilities	<u>7,213,406</u>	<u>1,916,857</u>	<u>5,167,834</u>	<u>1,027,179</u>	<u>15,325,276</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pension	239,077	6,549	28,090		273,716
Deferred inflows related to OPEB	792,884	122,416	177,287		1,092,587
Total Deferred Inflows of Resources	<u>1,031,961</u>	<u>128,965</u>	<u>205,377</u>		<u>1,366,303</u>
NET POSITION					
Net investment in capital assets	6,100,105	199,136			6,299,241
Unrestricted	22,741,635	(803,210)	(3,150,801)	(940,108)	17,847,516
Total Net Position	<u>\$28,841,740</u>	<u>(\$604,074)</u>	<u>(\$3,150,801)</u>	<u>(\$940,108)</u>	<u>\$24,146,757</u>

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<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>\$7,408,917</u>	<u>\$1,819,167</u>	<u>\$11,962,520</u>	<u>\$2,917,085</u>	<u>\$24,107,689</u>
Total Operating Revenues	<u>7,408,917</u>	<u>1,819,167</u>	<u>11,962,520</u>	<u>2,917,085</u>	<u>24,107,689</u>
OPERATING EXPENSES					
Central stores	441,170				441,170
Central equipment	1,886,198				1,886,198
Duplication - postal	122,283				122,283
City administrative facility maintenance	865,942	1,934,977			2,800,919
Insurance administration			620,853		620,853
Insurance premiums and claims payments			12,554,551		12,554,551
MIS services	2,730,231				2,730,231
Leave benefits paid				2,776,332	2,776,332
OPEB expense	(86,916)	(12,837)	(14,843)		(114,596)
Depreciation	<u>932,617</u>	<u>4,751</u>			<u>937,368</u>
Total Operating Expenses	<u>6,891,525</u>	<u>1,926,891</u>	<u>13,160,561</u>	<u>2,776,332</u>	<u>24,755,309</u>
Operating Income (Loss)	<u>517,392</u>	<u>(107,724)</u>	<u>(1,198,041)</u>	<u>140,753</u>	<u>(647,620)</u>
NONOPERATING REVENUES					
Interest income	72,430	1,625	(17,244)	(110,719)	(53,908)
Other	<u>198,552</u>	<u>11,371</u>	<u>93,422</u>		<u>303,345</u>
Total Nonoperating Revenues	<u>270,982</u>	<u>12,996</u>	<u>76,178</u>	<u>(110,719)</u>	<u>249,437</u>
Income (Loss) before transfers	<u>788,374</u>	<u>(94,728)</u>	<u>(1,121,863)</u>	<u>30,034</u>	<u>(398,183)</u>
Transfers in	137,529				137,529
Transfers (out)		<u>(137,529)</u>			<u>(137,529)</u>
Change in Net Position	925,903	(232,257)	(1,121,863)	30,034	(398,183)
BEGINNING NET POSITION (DEFICIT)	<u>27,915,837</u>	<u>(371,817)</u>	<u>(2,028,938)</u>	<u>(970,142)</u>	<u>24,544,940</u>
ENDING NET POSITION (DEFICIT)	<u><u>\$28,841,740</u></u>	<u><u>(\$604,074)</u></u>	<u><u>(\$3,150,801)</u></u>	<u><u>(\$940,108)</u></u>	<u><u>\$24,146,757</u></u>

CITY OF DAVIS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2021

	General Services	Building Maintenance	City Self- Insurance	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from interfund charges	\$7,605,107	\$1,802,413	\$12,624,072	\$2,833,570	\$24,865,162
Payments to suppliers	(4,558,184)		(12,524,910)		(17,083,094)
Payments to employees	(866,203)	(1,760,936)	(540,637)	(1,813,078)	(4,980,854)
Claims paid and claims adjustments			(38,945)		(38,945)
Cash Flows from Operating Activities	<u>2,180,720</u>	<u>41,477</u>	<u>(480,420)</u>	<u>1,020,492</u>	<u>2,762,269</u>
CASH FLOW FROM NONCAPITAL FINANCING ACTIVITIES					
Interfund receipts	197,011				197,011
Interfund (payments)		(137,529)		(909,773)	(1,047,302)
Cash Flows from Noncapital Financing Activities	<u>197,011</u>	<u>(137,529)</u>		<u>(909,773)</u>	<u>(850,291)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisitions of capital assets	(1,603,442)				(1,603,442)
Cash Flows from Capital and Related Financing Activities	<u>(1,603,442)</u>				<u>(1,603,442)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	155,244	4,126	(16,499)	(110,719)	32,152
Cash Flows from Investing Activities	<u>155,244</u>	<u>4,126</u>	<u>(16,499)</u>	<u>(110,719)</u>	<u>32,152</u>
Net Cash Flows	929,533	(91,926)	(496,919)		340,688
Cash and investments at beginning of period	<u>27,547,745</u>	<u>883,237</u>	<u>892,496</u>		<u>29,323,478</u>
Cash and investments at end of period	<u>\$28,477,278</u>	<u>\$791,311</u>	<u>\$395,577</u>		<u>\$29,664,166</u>
Reconciliation of operating income to net cash flows from operating activities:					
Operating income (loss)	\$517,392	(\$107,724)	(\$1,198,041)	\$140,753	(\$647,620)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Depreciation	932,617	4,751			937,368
Other revenues	198,552	11,371	93,422		303,345
Loss on retirement of capital assets	383,617				383,617
Change in assets and liabilities:					
General accounts receivable	(2,362)		568,130	(83,515)	482,253
Prepaid expenses				984,714	984,714
Inventory	(22,288)				(22,288)
Accounts payable	260,369	(28,125)	29,641	4,853	266,738
Wages payable	12,085	3,777	20,788		36,650
Leave benefits payable	40,792	18,915	44,345	(26,313)	77,739
Claims payable			(38,945)		(38,945)
Due to retirement system	(53,139)	151,350	15,083		113,294
Net OPEB liability, and related deferred outflows and deferred inflows	<u>(86,915)</u>	<u>(12,838)</u>	<u>(14,843)</u>		<u>(114,596)</u>
Cash Flows from Operating Activities	<u>\$2,180,720</u>	<u>\$41,477</u>	<u>(\$480,420)</u>	<u>\$1,020,492</u>	<u>\$2,762,269</u>
NONCASH TRANSACTIONS					
Retirement of capital assets	<u>(\$383,617)</u>				<u>(\$383,617)</u>

CUSTODIAL FUNDS

Custodial Funds account for assets held by the City for individuals, private organizations, and other governments outside of the City's reporting entity. The City has six custodial funds. 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.

Cannery Community Facilities District and Debt Service Fund - This fund accounts 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
CUSTODIAL FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

	Public Facilities Financing Authority	Mello Roos Community Facilities District	University Research Park	Special Assessment Parking District #3	Cannery Bond and Debt Service	Total
ASSETS						
Cash and investments	\$4,242,348	\$1,396,157	\$59,417	\$24,593	\$437,931	\$6,160,446
Cash and investments with fiscal agents	956,741	76,319			666,803	1,699,863
Accounts receivable	45,205	67,988			18,939	132,132
Total Assets	<u>5,244,294</u>	<u>1,540,464</u>	<u>59,417</u>	<u>24,593</u>	<u>1,123,673</u>	<u>7,992,441</u>
LIABILITIES						
Due to bondholders	<u>1,790,411</u>	<u>1,540,464</u>			<u>1,123,673</u>	<u>4,454,548</u>
Total Liabilities	<u>1,790,411</u>	<u>1,540,464</u>			<u>1,123,673</u>	<u>4,454,548</u>
NET POSITION						
Restricted for other agencies						
Restricted for bondholders	<u>3,453,883</u>		<u>59,417</u>	<u>24,593</u>		<u>3,537,893</u>
Total Net Position	<u><u>\$3,453,883</u></u>	<u><u>59,417</u></u>	<u><u>\$59,417</u></u>	<u><u>\$24,593</u></u>		<u><u>\$3,537,893</u></u>

CITY OF DAVIS
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Public Facilities Financing Authority	Mello Roos Community Facilities District	University Research Park	Special Assessment Parking District #3	Cannery Bond and Debt Service	Total
ADDITIONS						
Taxes	\$907,745	\$1,359,191			\$581,868	\$2,848,804
Use of money and property	8,871	1,430	(\$592)	(\$1,297)	926	9,338
Miscellaneous		50,000				50,000
Total Additions	916,616	1,410,621	(592)	(1,297)	582,794	2,908,142
DEDUCTIONS						
Payments to bondholders	934,031	1,366,051			587,963	2,888,045
Other payments	69,324	50,135		27,691	5,490	152,640
Total Deductions	1,003,355	1,416,186		27,691	593,453	3,040,685
Change in Net Position	(86,739)	(5,565)	(592)	(28,988)	(10,659)	(132,543)
BEGINNING NET POSITION, AS RESTATED	3,540,622	5,565	60,009	53,581	10,659	3,670,436
ENDING NET POSITION	\$3,453,883		\$59,417	\$24,593		\$3,537,893

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STATISTICAL SECTION

This part of the City's Annual Comprehensive 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 Annual Comprehensive 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Invested in capital assets, net of related debt	\$250,695,740	\$247,797,970	\$242,575,554	\$240,360,485	\$242,813,290	\$241,337,805	\$242,447,283	\$253,773,329	\$254,377,390	\$256,153,831
Restricted	66,227,858	67,365,068	69,746,280	75,927,570	69,365,224	69,931,590	68,793,279	69,074,772	75,768,410	83,802,295
Unrestricted	13,515,454	15,540,261	18,474,120	(46,521,260)	(38,118,928)	(33,453,924)	(71,631,357)	(80,275,345)	(91,508,059)	(93,756,949)
Total governmental activities net position	\$330,439,052	\$330,703,299	\$330,795,954	\$269,766,795	\$274,039,586	\$277,813,471	\$239,609,205	\$242,572,756	\$238,637,741	\$246,199,177
Business-type activities										
Net investment in capital assets	\$222,630,293	\$222,668,422	\$225,975,439	\$235,769,713	\$274,098,197	\$238,517,438	\$239,731,489	\$237,288,576	\$240,459,628	\$229,350,270
Restricted	44,957,358	50,530,091	55,468,805	33,484,489	7,571,560	47,934,347	39,009,779	38,032,992	39,259,580	54,717,839
Unrestricted	\$267,587,651	\$273,198,513	\$281,444,244	\$269,254,202	\$281,669,757	\$286,451,785	\$278,741,268	\$275,321,568	\$279,719,208	\$284,068,109
Total business-type activities net position	\$489,267,546	\$495,306,935	\$497,443,684	\$505,238,182	\$548,796,954	\$527,885,661	\$519,472,747	\$512,610,574	\$519,978,408	\$473,418,489
Primary government										
Net investment in capital assets	\$473,326,033	\$470,466,392	\$468,550,993	\$476,130,198	\$516,911,487	\$479,855,243	\$482,178,772	\$491,061,905	\$494,837,018	\$485,504,101
Restricted	66,227,858	67,365,068	69,746,280	75,927,570	69,365,224	69,931,590	68,793,279	69,074,772	75,768,410	83,802,295
Unrestricted	58,472,812	66,070,352	73,942,925	(13,036,771)	(30,547,368)	(14,480,423)	(32,621,578)	(42,242,353)	(52,248,479)	(39,039,110)
Total primary government net position	\$598,026,703	\$603,901,812	\$612,440,198	\$559,020,997	\$555,729,343	\$564,267,256	\$518,350,473	\$517,894,324	\$518,356,949	\$530,267,286

Source:

City of Davis Annual Comprehensive Financial Report

Notes:

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

City of Davis

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental Activities:										
City Council	\$171,419	\$159,950	\$123,958	\$161,024	\$145,424	\$180,359	\$180,802	\$227,060	\$176,783	\$230,034
City Attorney	347,920	256,183	545,258	296,143	323,152	638,231	589,212	164,759	446,722	256,964
City Manager	2,655,486	2,479,529	2,675,550	1,950,060	2,278,240	2,700,596	3,586,783	3,816,385	4,358,734	4,028,328
Finance/ Administrative Services	2,007,813	2,928,562	2,638,260	3,038,094	2,947,477	4,835,955	4,137,561	4,149,905	3,891,865	3,828,240
Public Safety	24,116,311	25,379,748	25,827,801	26,983,139	30,392,391	32,609,249	36,725,989	38,879,308	41,387,051	37,440,569
Public Works	11,729,258	11,017,979	11,648,005	13,115,703	16,982,041	12,324,982	15,191,625	15,884,092	14,348,591	19,591,590
Community Development	3,145,307	3,720,192	3,986,695	5,290,390	4,911,814	5,010,995	6,577,645	7,088,490	6,641,973	5,494,599
Parks and Community Services	19,844,557	18,631,071	20,402,817	16,284,031	12,508,057	12,860,303	14,776,597	16,115,041	16,416,035	15,484,932
Interest on Long Term Debt	1,612,400			1,700			41,931	25,559	23,734	21,762
Total Governmental Activities Expenses	65,630,471	64,573,214	67,848,344	67,118,584	70,490,296	71,160,670	81,808,145	86,350,599	87,691,488	86,377,018
Business-Type Activities:										
Water	9,918,275	10,068,660	11,723,007	9,861,390	10,973,763	15,009,598	20,435,600	22,420,606	22,253,311	22,083,798
Sanitation	9,312,527	9,627,387	9,943,532	10,358,515	11,146,472	11,812,422	12,611,082	13,079,911	13,416,044	13,115,770
Sewer	8,554,364	8,230,219	8,368,186	8,759,829	7,937,827	9,110,218	10,599,307	20,774,240	15,345,222	15,444,141
Storm Sewer	3,529,576	3,733,250	3,713,758	3,669,452	3,940,656	3,819,462	3,696,659	3,978,285	3,988,354	3,882,431
Public transit	4,183,327	4,254,687	5,818,308	6,387,279	3,639,352	7,969,174	5,755,393	5,117,262	9,911,772	6,655,463
Total Business-Type Activities Expenses	35,498,069	35,914,203	39,566,791	39,036,465	37,638,070	47,720,874	53,098,041	65,370,304	64,916,703	61,181,603
Total Primary Government Expenses	\$101,128,540	\$100,487,417	\$107,415,135	\$106,155,049	\$108,128,366	\$118,881,544	\$134,906,186	\$151,720,903	\$152,608,191	\$147,558,621
Program Revenues										
Governmental Activities:										
Charges for Services:										
City Council	\$100,942	\$70,706	\$10,131	\$1,305,413	\$1,198,861	\$1,402,353	\$1,533,856	\$2,793,109	\$7,008	\$706,395
City Attorney	208,453	125,140	1,685,900	2,133,568	2,161,816	1,831,299	2,079,935	1,896,642	3,014,797	3,071,330
City Manager	1,174,427	1,040,984	2,025,757	2,095,092	2,286,771	2,361,692	2,098,186	2,193,478	2,314,865	1,849,484
Finance/ Administrative Services	1,331,101	2,010,666	2,144,146	2,176,216	2,273,366	1,421,458	1,426,288	1,175,848	1,582,853	3,341,254
Public Safety	2,173,112	2,002,577	1,110,862	1,767,216	2,373,366	4,391,769	6,097,061	5,686,804	5,605,655	3,672,522
Public Works	3,764,451	3,124,263	4,510,095	3,109,507	3,306,893	3,439,496	3,226,910	4,193,075	2,037,246	1,110,320
Community Development	2,675,128	2,897,864	2,410,773	4,634,131	4,365,102	8,326,639	7,486,782	7,629,978	8,563,592	15,123,633
Parks and Community Services	3,123,734	3,132,569	9,602,308	12,610,463	8,127,576	2,702,977	2,519,875	7,657,472	1,778,864	4,679,455
Operating Grants and Contributions	13,784,334	12,304,697	7,124,647	2,849,594	1,025,372	25,877,683	26,468,893	33,226,406	26,183,835	33,554,393
Development impact fees and permits	3,800,498	3,575,866	30,624,619	30,504,984	24,845,757					
Capital Grants and Contributions	28,748,180	28,435,332								
Total Government Activities Program Revenues	39,679,526	39,679,526	\$78,281,024	\$75,948,178	\$70,587,320	\$77,791,165	\$78,061,397	\$92,486,618	\$92,711,943	\$98,356,611
Business-Type Activities:										
Charges for Services:										
Water	10,479,767	11,310,371	15,825,471	12,079,724	15,343,083	17,532,566	19,802,459	25,288,329	26,449,210	26,908,454
Sanitation	9,134,378	9,454,530	10,118,187	10,604,488	10,805,280	11,033,701	11,427,201	12,026,195	12,996,132	13,567,536
Sewer	13,120,690	14,103,581	14,264,259	14,709,852	14,595,546	13,873,913	13,443,065	15,029,017	15,612,853	14,454,518
Storm Sewer	1,605,903	1,662,303	1,701,784	1,742,022	1,724,277	1,747,635	1,790,662	1,828,176	1,899,028	1,841,412
Public transit	30,012	31,105	32,241	31,963	34,104	32,108	33,531	30,339	30,339	11,654
Operating Grants and Contributions	4,103,691	4,328,525	5,714,463	6,275,145	3,199,273	7,693,559	5,095,586	5,049,062	9,538,546	8,018,644
Capital Grants and Contributions	1,205,085			40,000						
Total Business-Type Activities Program Revenue	39,679,526	40,890,415	47,656,405	45,443,194	45,741,563	51,913,482	51,592,504	59,260,212	66,526,108	64,802,218
Total Primary Government Program Revenues	\$68,427,706	\$69,325,747	\$78,281,024	\$75,948,178	\$70,587,320	\$77,791,165	\$78,061,397	\$92,486,618	\$92,711,943	\$98,356,611
Net (Expense)/Revenue										
Governmental Activities	(\$36,882,291)	(\$36,137,882)	(\$37,223,725)	(\$36,613,600)	(\$45,644,539)	(\$45,282,987)	(\$55,339,252)	(\$53,124,193)	(\$61,505,653)	(\$52,822,625)
Business-Type Activities	4,181,457	4,976,212	8,089,614	6,406,729	8,103,493	4,192,608	(1,505,537)	(6,110,092)	1,609,405	3,620,615
Total Primary Government Net Expense	(\$32,700,834)	(\$31,161,670)	(\$29,134,111)	(\$30,206,871)	(\$37,541,046)	(\$41,090,379)	(\$56,844,789)	(\$59,234,285)	(\$59,896,248)	(\$49,202,010)

City of Davis

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

(continued)	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes:				(2)						
Property Taxes	\$10,070,329	\$10,741,612	\$11,926,326	\$12,156,824	\$13,721,604	\$14,324,190	\$16,069,030	\$16,171,720	\$16,929,481	\$17,632,020
Sales Taxes	8,279,385	10,267,444	10,282,592	13,302,816	16,192,725	15,660,664	15,603,649	16,504,386	16,438,460	17,463,194
Municipal Services	2,492,849	2,578,655	2,669,472	2,770,291	2,878,914	2,937,053	3,031,057	3,138,065	3,203,631	3,338,275
Business License	1,556,797	1,470,124	1,669,289	1,735,021	1,719,258	1,804,618	2,012,568	2,577,091	3,379,723	4,803,471
Park Maintenance	1,334,629	1,334,782	1,339,536	1,360,149	1,382,436	1,387,984	1,412,582	1,420,470	1,468,379	1,468,379
Construction	925,461	905,411	229,577	562,206	1,167,502	1,146,893	952,455	2,063,309	1,264,079	1,262,963
Open Space Protection	637,161	636,293	640,980	644,914	649,222	649,222	652,422	671,714	657,620	657,620
Franchise	1,089,210	1,119,918	1,141,883	1,359,272	1,704,481	1,793,833	1,708,183	1,216,404	1,441,409	1,807,485
Transient Occupancy Tax	925,477	1,436,067	1,250,725	1,319,909	1,453,819	1,784,072	2,146,184	2,220,142	1,473,308	1,580,278
Transfer Taxes		194,326	225,977	367,464	306,001	386,182	387,230			
Other Taxes										
Motor Vehicle In-Lieu	4,879,324	4,979,748	5,291,098	5,523,938	6,146,238	6,107,171	6,414,751	6,762,017	7,121,352	7,466,689
Investment Earnings	281,322	301,030	417,751	135,148	468,830	503,676	381,196	2,796,717	3,109,681	390,803
Miscellaneous	554,551	436,719	231,174	1,264,593	2,165,109	558,862	230,485	553,597	1,089,407	1,166,900
Special Item: Transfer of loan from Successor Agency	1,684,904									
Extraordinary Gain: RDA Dissolution	24,083,029									
Transfers										
Total Government Activities	58,794,428	36,402,129	37,316,380	42,507,265	49,937,330	49,038,872	50,977,194	56,087,744	57,528,621	65,621
Business-Type Activities:										
Interest Earnings	174,215	110,170	77,279	75,698	306,459	347,197	701,252	1,795,864	1,792,171	282,124
Miscellaneous	298,808	524,480	78,838	245,077	4,005,603	242,223	460,193	894,528	821,084	686,763
Transfers										
Total Business-Type Activities	473,023	634,650	156,117	320,775	4,312,062	589,420	1,161,445	2,690,392	2,613,255	903,266
Total Primary Government	\$59,267,451	\$37,036,779	\$37,472,497	\$42,828,040	\$54,249,392	\$49,628,292	\$52,138,639	\$58,778,136	\$60,141,876	\$59,349,344
Change in Net Position										
Governmental Activities	\$21,912,137	\$264,247	\$92,655	\$5,893,665	\$4,292,791	\$3,755,885	(\$4,362,058)	\$2,963,551	(\$3,977,032)	\$5,623,453
Business-Type Activities	4,654,480	5,610,862	8,245,731	6,727,504	12,415,555	4,782,028	(344,092)	(3,419,700)	4,222,660	4,523,881
Total Primary Government	\$26,566,617	\$5,875,109	\$8,338,386	\$12,621,169	\$16,708,346	\$8,537,913	(\$4,706,150)	(\$456,149)	\$245,628	\$10,147,334

Source:

City of Davis Annual Comprehensive 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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable	\$153,020	\$122,840	\$104,343	\$147,093	\$137,664	\$130,309	\$116,038	\$66,621	\$79,240	\$167,995
Restricted									263,075	
Committed			1,458,749						3,965,499	3,129,470
Assigned			7,973,690	15,536,438	21,551,825	23,119,561	25,768,877	25,174,327	6,768,951	6,631,103
Unassigned	6,101,878	7,797,107	9,536,782	\$15,683,531	\$21,689,489	\$23,249,870	\$25,884,915	\$25,240,948	10,230,791	12,980,630
Total General Fund	<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>	<u>\$21,307,556</u>	<u>\$22,909,198</u>
All Other Governmental Funds										
Nonspendable	\$33,952,695	\$9,795,953	\$1,795,533	\$69,329,025	\$67,911,538	\$68,332,845	\$68,474,641	\$68,064,467	\$74,760,708	\$79,718,056
Restricted	29,321,073	55,900,967	67,657,120	8,334,135	3,620,540	3,581,941	3,289,614	3,667,142	3,603,561	2,957,089
Committed	8,409,293	7,654,337	8,058,386							
Assigned	1,555,674	1,559,189	383,420							
Unassigned	(201,277)	142,500	(1,095,591)		(406,990)	(307,927)	(1,655,137)	(1,369,853)	(1,385,523)	
Total all other governmental funds	<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>	<u>\$76,978,746</u>	<u>\$82,675,145</u>

Source:
City of Davis Annual Comprehensive Financial Report

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Taxes	\$32,472,106	\$36,141,112	\$36,981,511	\$40,921,164	\$47,758,142	\$48,006,878	\$50,365,513	\$53,642,549	\$54,079,746	\$58,091,540
Licenses, permits and fees	317	353	301							
Fines and forfeitures	961,642	826,972	833,513	661,160	660,313	567,834	466,574	331,642	420,840	157,374
Use of money and property	715,761	648,017	3,362,708	2,097,332	1,640,957	1,570,346	1,970,695	2,919,644	3,393,823	1,489,262
Intergovernmental revenues	10,975,947	12,410,582	10,408,899	14,157,718	5,045,096	4,228,914	5,124,979	10,234,310	6,181,306	13,801,078
Charges for services	9,541,440	9,939,479	9,614,559	12,080,275	12,293,260	11,665,050	11,855,798	12,932,840	11,201,428	12,188,412
Development fees	2,583,790	2,238,192	2,011,157	923,944	797,720	2,840,272	3,293,794	3,643,599	1,655,728	890,817
Administrative fee - Enterprise Fund	2,523,552	2,541,485	2,626,107	2,329,522	2,260,874	1,876,317	1,798,636	2,038,686	2,304,543	2,551,913
Other	254,482	1,069,570	476,872	1,121,047	3,449,409	3,805,856	2,109,611	2,952,002	3,282,805	1,762,086
Total Revenues	60,029,037	65,815,762	66,315,627	74,292,162	73,905,771	74,561,467	76,985,600	88,695,272	82,520,219	90,932,482
Expenditures										
Current:										
City Council	146,932	150,439	124,507	168,389	162,094	187,422	188,777	186,873	187,826	208,304
City Attorney	362,967	265,804	555,619	296,143	323,152	638,231	589,212	164,759	446,722	256,964
City Manager	2,607,106	2,469,750	2,710,000	2,063,550	2,511,944	3,231,499	2,997,221	3,468,342	3,905,470	3,911,383
Finance/Administrative Services	2,051,852	2,983,681	2,728,275	3,204,437	3,266,875	5,298,775	3,797,877	3,902,696	3,660,722	3,752,451
Public safety	24,227,418	25,616,115	26,368,580	27,838,666	28,686,821	30,254,413	31,831,541	32,912,622	35,430,831	35,884,610
Public works	5,103,770	3,702,414	5,173,502	6,227,483	5,849,339	7,927,980	6,061,775	8,606,126	6,581,681	6,406,247
Community development	3,178,808	3,780,789	4,096,916	5,467,094	5,227,343	5,539,962	6,017,911	6,498,516	6,010,731	5,337,532
Parks and Community Services	18,077,634	16,938,350	18,163,238	14,971,458	11,681,163	12,019,873	12,846,831	13,264,072	13,895,062	13,337,304
Special Projects	1,916,055	1,996,757	1,926,030	2,077,228	7,742,821	1,741,902	2,286,213	1,258,575	1,642,268	4,345,561
Debt service:										
Principal repayment	2,316,295						172,090	188,462	190,288	192,259
Interest and fiscal charges	1,352,117				1,700		41,931	25,559	23,734	21,762
Capital Improvements	5,241,669	4,402,828	4,199,574	4,966,673	8,984,638	7,108,003	10,363,048	18,609,999	7,860,986	12,025,685
Total Expenditures	66,582,623	62,306,927	66,046,241	67,281,121	74,437,885	73,948,060	77,194,427	89,086,601	79,836,321	85,680,062
Excess (deficiency) of revenues over (under) expenditures	(6,553,586)	3,508,835	269,386	7,011,041	(532,114)	613,407	(208,827)	(391,329)	2,683,898	5,252,420
Other Financing Sources (Uses)										
Transfers in										
Transfers (out)	8,278,245	660,680	8,832,713	382,804	382,804				7,292,438	5,574,428
Issuance of long-term debt	(8,326,775)	(754,850)	(8,832,713)	(382,804)	(382,804)				(7,292,438)	(5,508,807)
Sale of real property			3,093,371			1,428,745	1,346,131			
Total other financing sources (uses)	(48,530)	(94,170)	3,093,371			1,428,745	1,346,131			65,621
Special and Extraordinary Items										
Special Item	1,684,904									
Extraordinary Item	(18,856,040)									
Total special and extraordinary items	(17,171,136)									
Net Change in fund balances	(\$23,773,252)	\$3,414,665	\$3,362,757	\$7,011,041	(\$532,114)	\$2,042,152	\$1,137,304	(\$391,329)	\$2,683,898	\$5,318,041
Debt service as a percentage of noncapital expenditures	6.4%						0.3%		0.3%	0.3%

Source:
City of Davis Annual Comprehensive 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
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%
2020	8,835,649,405	144,241,059	8,979,890,464	1.00000%	12,776,760,566	1.422819	70.28%
2021	9,248,150,860	174,174,544	9,422,325,404	1.00000%	12,610,925,122	1.338409	74.72%

Source: Yolo Assessor data, MuniServices, LLC

Source: 2015 and prior: Prior Published ACFR

(1) Total value does not include state unitary value, which was \$1,562,578 and Homeowners' Property Tax Exemption in FY 2021.

(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 Six Fiscal Years

Category	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Residential	\$6,234,177,758	\$6,586,956,530	\$7,010,888,923	\$7,407,192,281	\$7,816,464,639	\$8,158,498,042
Commercial	709,019,460	715,514,172	557,747,426	786,586,652	838,122,740	882,379,625
Institution	208,619,210	214,333,475	217,983,593	217,254,596	211,123,003	270,433,695
Industrial	109,972,596	115,053,787	124,302,572	134,967,671	194,881,919	171,094,878
Vacant	126,499,610	179,756,307	119,515,039	117,284,914	69,183,184	111,159,701
Unknown	48,052,440	51,090,491	61,112,369	73,032,502	82,239,441	93,081,041
Professional	30,955,831	33,522,520	227,720,376	35,873,773	37,451,833	37,314,555
Recreation	20,939,793	28,414,307	27,233,410	25,774,511	25,955,260	26,383,915
Rural	4,108,856	5,383,050	4,726,238	5,190,761	5,256,572	5,323,701
Agriculture	1,614,307	0	0	0	0	3,603,138
Government	0	0	0	0	0	0
Public	0	1,516,043	0	1,577,289	1,608,834	0
Social	41,995,317	45,581,844	46,561,398	47,460,863	48,228,501	0
Net Secured Value	7,535,955,178	7,977,122,526	8,397,791,344	8,852,195,813	9,330,515,926	9,759,272,291
Unsecured	217,740,009	228,858,353	222,765,230	236,308,718	226,498,295	255,709,007
Exemptions	470,149,263	513,512,073	537,617,025	564,530,756	577,123,757	592,655,894
Net Taxable Value (1)	\$7,283,545,924	\$7,692,468,806	\$8,082,939,549	\$8,523,973,775	\$8,979,890,464	\$9,422,325,404

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, which was \$1,562,578 in FY 2021.

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

Taxpayer	2020-21		2011-12	
	Taxable Value (\$)	Percent of Total City Taxable Value (%)	Taxable Value (\$)	Percent of Total City Taxable Value (%)
Tilden-Lafayette LLC Etal	\$158,546,121	1.68%		
San Carlos Retail Venture Ltd PTP Etal	66,081,405	0.70%		
Tanglewood Apts LLC	59,201,395	0.63%		
UCD J Street Owner LLC	52,374,216	0.56%		
Bridge-Ellington LP	47,203,096	0.50%		
Pac West Office Equities LP	42,620,049	0.45%		
Oakshade Regency LLC	40,998,502	0.44%		
Marketplace Center Inc	39,830,088	0.42%	\$22,561,078	0.37%
Centro Watt Property Owner I	36,580,000	0.39%	18,354,885	0.30%
VTR Covell LP	34,025,127	0.36%	22,089,115	0.36%
Target Corporation	30,993,948	0.33%	29,159,481	0.48%
Sterling - Davis 2 LLC	30,984,305	0.33%		
DMG Mori Manufacturing USA Inc	29,292,810	0.31%		
Mori Seiki Davis Land Holding Inc	27,734,100	0.29%		
Carlton Plaza of Davis LP	27,367,821	0.29%		
Olive Drive Partners	25,986,451	0.28%	22,457,163	0.37%
Creekside Davis LP	25,019,600	0.27%		
Jackson Davis LLC	24,357,395	0.26%		
Edge Apartments LLC	23,285,654	0.25%		
WGA Sycamore Lane LP	22,937,989	0.24%	19,556,977	0.32%
Schilling Robotics LLC	21,186,781	0.22%	15,735,307	0.26%
GPAI Davis Student Housing LLC	21,000,000	0.22%		
110 F Street LLC	20,365,439	0.22%		
Dartbrook-Twin Oaks LP Etal	20,218,086	0.21%		
Adobe At Evergreen Apts LLC	19,745,303	0.21%	16,762,902	0.27%
SFC Greystone Investors L P			48,438,178	0.79%
Sequoia Equities-Cypress Etal			41,446,380	0.68%
Kirkwood Village Assoc Etal			35,602,970	0.58%
Comcast			35,044,853	0.57%
KW Davis LLC			24,424,456	0.40%
Fine Arts LP			23,926,712	0.39%
Buzz Oates LLC Etal			20,732,040	0.34%
SE-Davis LLC			19,407,559	0.32%
Ten Davis LLC			15,282,404	0.25%
Kaiser Found Health Plan Inc			14,979,113	0.24%
Fairfield Cambridge Glen LLC			14,721,180	0.24%
5Th & G Plaza Inc			14,029,770	0.23%
Conagra Foods Pkgd Foods LLC			13,904,925	0.23%
Davis DTL LLC Etal			13,885,411	0.23%
Walnut Park Apartments			13,819,862	0.23%
Arlington Farm Partners			13,679,742	0.22%
Renaissance Park 176 LLC			12,033,122	0.20%
Total Top Taxpayers	\$947,935,681	10.06%	\$542,035,585	8.84%
Total Taxable Value	\$9,422,325,404	100.00%	\$6,130,976,246	100.00%

City of Davis
Property Tax Levies and Collections (Unaudited)
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy
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%
2020	26,576,981 *	26,576,981 *	100.0000%	1,342	26,576,981 *	100.0000%
2021	26,425,674	26,425,674	100.0000%	7,567	26,425,674	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.

* Amount corrected from previously reported \$25,411,284

City of Davis

Direct and Overlapping Property Tax Rates Last Six Fiscal Years

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Basic City and County Levy						
County General Fund	0.091511	0.091511	0.091511	0.091511	0.091511	0.091511
County ACO Fund	0.010952	0.010952	0.010952	0.010952	0.010952	0.010952
County Library	0.016370	0.016370	0.016370	0.016370	0.016370	0.016370
City of Davis	0.211176	0.211176	0.211176	0.211176	0.211176	0.211176
Davis Cemetery District	0.002627	0.002627	0.002627	0.002627	0.002627	0.002627
Sacto-Yolo Mosquito & Vector Control	0.007701	0.007701	0.007701	0.007701	0.007701	0.007701
Yolo County Flood Control District	0.005614	0.005614	0.005614	0.005614	0.005614	0.005614
County Schools	0.027663	0.027663	0.027663	0.027663	0.027663	0.027663
Davis Joint Unified School District	0.333422	0.333422	0.333422	0.333422	0.333422	0.333422
Los Rios Community College	0.041369	0.041369	0.041369	0.041369	0.041369	0.041369
County General Fund	0.175706	0.175706	0.175706	0.175706	0.175706	0.175706
County Library	0.008457	0.008457	0.008457	0.008457	0.008457	0.008457
City of Davis	0.063363	0.063363	0.063363	0.063363	0.063363	0.063363
Davis Cemetery District	0.000608	0.000608	0.000608	0.000608	0.000608	0.000608
Yolo County Flood Control District	0.003462	0.003462	0.003462	0.003462	0.003462	0.003462
Total	1.000001	1.000001	1.000001	1.000000	1.000000	1.000000
Override Assessments						
DAVIS JUSD 2000 BD	0.020000	0.019200	0.017000	0.016000	0.012000	0.010000
DAVIS JUSD 2018 BD	0.000000	0.000000	0.000000	0.000000	0.055800	0.055800
LOS ROIS CCD 2002 BD	0.009100	0.014100	0.013000	0.013100	0.023200	0.022300
Total	0.029100	0.033300	0.030000	0.029100	0.091000	0.088100
Total Tax Rate	1.029101	1.033301	1.030001	1.029100	1.091000	1.088100

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

2020-21		2011-12	
Taxpayer	Business Type	Taxpayer	Business Type
Arco AM/PM Mini Marts	Service Stations	Arco AM/PM Mini Marts	Service Stations
BME Boise Mobile Equipment	Auto Parts/Repair	AT & T Mobility	Miscellaneous Retail
Braun Northwest	Auto Parts/Repair	Chevron Service Stations	Service Stations
Chevron Service Stations	Service Stations	Circle K Service Stations	Service Stations
Circle K Service Stations	Service Stations	Crepeville	Restaurants
CVS Pharmacy	Drug Stores	CVS Pharmacy	Drug Stores
Davis Ace Hardware	Bldg.Matls-Retail	Davis Food Co-Op	Food Markets
Davis Cannabis Collective	Drug Stores	Davis Lumber & Hardware	Bldg.Matls-Retail
F Street Dispensary	Drug Stores	Forever 21	Apparel Stores
Greenbar	Drug Stores	Hanlees Chevrolet/Toyota/Scion	Auto Sales - New
Hanlees Chevrolet	Auto Sales - New	Hanlees Nissan	Auto Sales - New
Hanlees Chrysler Dodge Jeep Ram Kia	Auto Sales - New	Hanlees Toyota	Auto Sales - New
Hanlees Nissan	Auto Sales - New	Hibbert Lumber	Bldg.Matls-Retail
Hanlees Toyota	Auto Sales - New	La Mesa R.V. Center	Misc. Vehicle Sales
In-N-Out Burgers	Restaurants	Nugget Market	Food Markets
Mcdonald's Restaurants	Restaurants	Officemax	Office Equipment
Mikuni Japanese Restaurant	Restaurants	Rite Aid Drug Stores	Drug Stores
Nugget Markets	Food Markets	Safeway Stores	Food Markets
Safeway Stores	Food Markets	Shell Service Stations	Service Stations
Shell Service Stations	Service Stations	Sunmart Service Stations	Service Stations
Shottenkirk Honda Of Davis	Auto Sales - New	Swift Jeep/Chrysler/Dodge	Auto Sales - New
Target Stores	Department Stores	Target Stores	Department Stores
TJ Maxx	Apparel Stores	Union 76 Service Stations	Service Stations
Union 76 Service Stations	Service Stations	University Honda	Auto Sales - New
Valero Service Stations	Service Stations	Valero Service Stations	Service Stations

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

City of Davis

Historical Sales Tax Amounts by Benchmark Year

Category Name	2021Q1	2020Q1	2019Q1	2018Q1	2017Q1	2016Q1	2015Q1	2014Q1	2013Q1	2012Q1
Accommodation and Food Services	\$916,564	\$1,325,082	\$1,335,565	\$1,327,747	\$1,272,590	\$1,204,827	\$1,176,600	\$1,056,462	\$980,349	\$912,221
Agriculture, Forestry, Fishing and Hunting	32,874	52,653	37,959	7,953	5,463	10,154	15,730	10,789	9,743	10,993
Arts, Entertainment, and Recreation	498	2,400	3,235	3,855	3,665	3,360	2,140	1,554	1,337	387
Construction	18,442	22,213	21,022	26,068	39,547	13,142	4,272	620	682	1,456
Educational Services	21,293	17,119	19,439	25,588	19,631	27,681	10,054	10,223	63,844	3,074
Information	23,574	33,822	38,142	39,052	36,773	36,379	36,879	38,368	36,259	32,227
Manufacturing	241,679	264,025	205,036	145,893	137,158	261,391	157,839	111,609	218,764	101,252
Mining, Quarrying, and Oil and Gas Extraction	15,404	24,198	6,546	43,261	3,396	6,282	40,121	42,850	111,811	6,153
Other Services (except Public Administration)	74,293	89,750	93,359	95,977	90,925	84,834	73,439	67,118	61,477	54,129
Professional, Scientific, and Technical Services	51,249	64,632	50,692	46,665	41,845	45,525	51,211	40,071	32,220	26,718
Real Estate and Rental and Leasing	17,174	14,254	20,572	22,812	20,608	18,490	15,681	15,422	14,215	12,270
Retail Trade	3,909,258	4,336,808	4,553,319	4,831,390	4,857,947	4,680,587	4,436,356	4,269,014	4,005,603	3,728,044
Utilities	73,203	88,023	78,147	81,504	73,336	70,230	67,235	37,804	47,291	44,713
All Other NAICS Sectors	30,824	28,286	26,899	30,187	27,256	26,900	27,174	23,506	19,686	17,194
Grand Total	\$5,426,329	\$6,363,265	\$6,489,932	\$6,727,952	\$6,630,140	\$6,489,782	\$6,114,731	\$5,725,410	\$5,603,281	\$4,950,831

Source: MuniServices, LLC / Avenu Insights & Analytics

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		
2012						\$1,428,745	\$1,428,745	
2013						2,602,786	2,602,786	
2014						2,414,324	2,414,324	
2015								
2016								
2017								
2018								
2019								
2020						2,224,036	2,224,036	
2021						2,031,777	2,031,777	

Fiscal Year	Business-Type Activities							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	Total	
2012	\$3,202,182	\$6,030,364		\$9,614,850	\$6,270,000		\$25,117,396	
2013	2,960,053	5,203,765		9,410,645	11,970,000		29,544,463	
2014		3,790,855		9,198,271		\$30,000,000	42,989,126	
2015		3,484,726		8,977,402		29,155,000	41,617,128	
2016		28,081,729		8,747,699		49,661,117	86,490,545	
2017		55,881,438		8,508,807		27,390,000	91,780,245	
2018		72,340,280		8,260,360		26,470,000	107,070,640	
2019		74,309,742		8,001,975		19,653,162	101,964,879	
2020		72,703,587				18,799,114	91,502,701	
2021		78,349,841				17,917,604	96,267,445	

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.

City of Davis

Direct and Overlapping Debt Schedule as of June 30, 2021

2020-21 Assessed Valuation: \$9,483,845,604

	Total Debt	City's Share of	
	6/30/2021	% Applicable (1)	Debt 6/30/21
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Los Rios Community College District	\$415,205,000	4.319%	\$17,932,704
Davis Joint Unified School District	156,195,000	89.353	139,564,918
Davis Joint Unified School District Community Facilities District No. 2	12,390,000	98.611	12,217,903
City of Davis Community Facilities District No. 1990-1	439,373	100	439,373
City of Davis Community Facilities District No. 1990-2	2,434,492	100	2,434,492
City of Davis Community Facilities District No. 1990-3	1,459,612	100	1,459,612
City of Davis Community Facilities District No. 1990-4	2,081,098	100	2,081,098
City of Davis Community Facilities District No. 1990-5	355,425	100	355,425
City of Davis Community Facilities District No. 1991-2	4,880,014	100	4,880,014
City of Davis Community Facilities District No. 2007-2	3,713,473	100	3,713,473
City of Davis Community Facilities District No. 2015-1	9,245,000	100	9,245,000
Yolo County Library Community Facilities District No. 1989-1	4,865,000	89.789	4,368,235
California Statewide Communities Development Authority Assessment District No. 20-01	1,471,000	100	1,471,000
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$200,163,247
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Yolo County Certificates of Participation	\$49,458,715	31.214%	\$15,438,043
Yolo County Board of Education Certificates of Participation	5,200,000	31.214	1,623,128
Davis Joint Unified School District General Fund Obligations	21,491,642	89.353	19,203,427
City of Davis General Fund Obligations	0	100	0
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$36,264,598
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	\$21,050,000	100.00%	\$21,050,000
TOTAL DIRECT DEBT			\$0
TOTAL OVERLAPPING DEBT			\$257,477,845
COMBINED TOTAL DEBT			\$257,477,845 (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 2020-21 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	2.11%
Total Direct Debt	0.00%
Combined Total Debt	2.71%

Ratios to Redevelopment Successor Agency Incremental Valuation (\$1,671,360,639):

Total Overlapping Tax Increment Debt	1.26%
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City of Davis
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City Population (1)	Personal Income (In Thousands)	Per Capita Income	Unemployment Rate (2)	County Population (1)	City population as a % of County	Public School Enrollment (3)
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
2020	69,183	2,893,760	41,828	7.4%	221,705	31.20%	8,546
2021	69,295	3,128,559	45,148	5.3%	217,500	31.86%	8,229

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

(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.

(-) Data Unavailable.

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

Business Name	2020-21		2011-12	
	Number of Employees	Percent of Total Employment (%)	Number of Employees	Percent of Total Employment (%)
UC Davis	16,029	65.5%	14,802	62.7%
Davis Joint Unified School District	1,138	4.7%	783	3.3%
Sutter Davis Hospital	567	2.3%	400	1.7%
City of Davis*	333	1.4%	482	2.0%
Unitrans	258	1.1%		
Nugget Market (2 Locations)	257	1.1%	210	0.9%
University Retirement Community	200	0.8%	172	0.7%
Target	200	0.8%	192	0.8%
Safeway Stores (2 Locations)	193	0.8%	245	1.0%
Courtyard Healthcare Center	125	0.5%		
USDA			173	0.7%
Schilling Robotics LLC			153	0.6%
Total Top 10 Employers	19,300	78.9%	17,612	74.6%
Total City Labor Force (1)	24,471		23,600	

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

Source: 2012, Prior Published ACFR, except for UC Davis number of employees was reduced to only include City of Davis located employees.

Source: www.universityofcalifornia.edu - UC Employees, full-time equivalent (FTE)

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

1.) Total City Labor Force is provided by EDD Labor Force Data.

* Full Time Equivalent only

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function										(1)
General government	41.74	46.74	49.24	43.81	45.52	49.33	49.38	49.16	47.20	45.00
Public safety	146.82	145.03	140.03	138.03	140.21	142.94	145.10	148.10	148.10	136.00
Public Works	117.53	126.98	118.79	109.06	110.32	113.01	121.57	113.80	113.80	102.25
Community development	26.39	22.30	22.30	20.05	24.00	28.36	30.36	30.91	30.91	23.00
Parks & Community Services	149.79	113.56	102.58	117.01	103.16	105.34	101.59	98.73	98.73	45.75
Total	<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>	<u>438.74</u>	<u>352.00</u>

Source: City of Davis

Notes:

Beginning in fiscal year 2019/2020, budget changed to biennial (2 year) budget document.

Special funded Reg Full-time positions (3), added in 2021

(1) Beginning fiscal year 2020/21 count only includes full-time positions. Prior years included full-time and part-time positions.

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety:										
Fire:										
Fire calls for service	\$196	\$255	\$173	\$152	\$250	\$272	\$1,254	\$222	\$357	\$766
Medical calls for service	2,538	2,845	3,011	3,041	3,973	4,268	4,252	3,751	4,146	3,549
Other calls for service	1,547	1,210	1,628	1,572	1,658	1,981	984	1,864	1,662	1,352
Primary fire inspections conducted	1,503	1,806	1,198	1,115	1,768	1,101	1,356	870	715	289
Fire loss	576,395	822,500	1,384,310	623,821	748,000	1,005,000	2,450,200	1,413,900	2,966,000	2,309,700
Police:										
Communication Center calls answered (911)	12,008	12,538	12,959	13,690	13,164	13,787	14,996	17,305	17,880	18,202
Police calls for Service	60,830	53,630	49,442	51,358	48,961	49,978	45,767	46,080	43,243	43,180
Law violations:										
Part I and Part II crimes	1,603	1,573	1,802	1,703	1,881	1,873	1,837	1,934	2,371	1,651
Warrants processed (adult and juvenile)	845	742	756	756	689	994	537	520	529	524
Driving under influence arrests (DUJ)	265	253	156	185	162	104	75	66	52	76
Property loss	1,196,213	1,196,512	2,215,301	2,261,182	2,253,215	3,305,098	3,348,530	361,449	2,667,903	N/A
Property recovered	510,747	511,747	490,507	533,942	905,034	1,106,738	1,122,125	215,899	162,068	N/A
Cases written	4,730	4,760	4,667	4,830	5,681	5,055	5,682	4,903	5,720	5,089
Animal related calls	327	386	402	430	451	454	424	424	375	311
Civilian complaints	15	15	11	12	8	4	8	7	13	7
Noise complaints	2,230	2,073	1,792	1,449	1,553	1,211	1,348	1,212	1,177	1,008
Moving violations	4,963	5,019	5,082	4,738	4,738	3,979	2,246	1,216	910	1,133
Parking violations	16,570	15,470	15,253	14,082	11,228	8,479	7,116	10,078	6,648	9,623
Public works										
Annual vandalism expenses	69,367	100,964	65,868	14,247	47,009	15,062	2,351	N/A	N/A	N/A
Tons of material used for the pothole repairs	9	10	10.5	7	25	30	24	28	34	42
Parks and Community Services										
Community Services:										
Recreation Program Participants	19,746	18,297	15,747	16,583	15,858	15,087	18,595	14,773	12,140	4,888
Athletic Field Rentals					5,023	7,011	3,943	3,802	232	170
Park & Picnic Rentals					1,130	675	627	708	157	168
Performing Arts Center Rentals	192	137	132	193	207	209	271	241	133	18
Pool Rentals					65	60	80	66	34	0
Public Facility Rentals					3,327	2,770	2,759	2,920	375	228
Water										
Water service connections	16,430	16,572	16,139	16,756	16,794	16,852	17,005	17,009	177,220	17,220
Average daily consumption (thousands of gallons)	10,478	10,340	10,306	7,723	8,133	8,456	9,219	8,878	9,363	9,581
Average daily consumption (millions of gallons/day)	10.48	10.34	10.31	7.72	8.13	8.46	9.22	8.87	9.36	9.58
Wastewater										
Sewer service connections	16,430	16,430	16,572	N/A	16,179	16,852	16,516**	16,542	16,363	16,540
Average daily treatment (millions of gallons/day)	5.07	4.60	4.60	4.22	3.70	4.39	4.00	4.99	4.48	3.93
Solid Waste *										
CalRecycle EAR Disposal (tons)	31,867	32,533	32,766	35,055	35,543	34,751	38,323	37,791	31,106	33,616
CalRecycle Calculated Generation (tons)	89,700	91,574	92,230	91,868	96,474	94,324	97,085	96,900	94,561	91,242
CalRecycle Calculated Diverted (tons)	57,833	59,041	59,464	56,813	60,931	59,573	58,762	59,109	63,456	57,627
CalRecycle Calculated Diverted (%)	64%	64%	64%	62%	63%	63%	61%	61%	67%	63%
CalRecycle Calculated Disposal (%)	36%	36%	36%	38%	37%	37%	39%	39%	33%	37%

Source: City of Davis

Notes:

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

* Solid Waste section is based on the official numbers issued by the state for each calendar year.

** This number was revised down from 17,612.

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

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety:										
Fire stations	3	3	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	63	63	61	61	61	61	61	61	60
Police patrol units	37	37	37	34	34	34	34	34	34	34
Public Works										
Miles of streets	166	165	165	179	179	179	179	179	179	179
Street lights	5,699	5,710	5,710	6,100	6,100	4,540	4,027	4,027	4,027	4,241
Traffic Signals	61	59	58	60	60	67	57	58	58	57
Pathway Lights ****										1,233
Park Lights *****										229
Culture and Recreation:										
Community services:										
City parks	36	36	36	34	37	37	37	37	37	37
City trees	26,000	21,500	20,616	20,616	19,556	19,125	40,009	38,767	34,326	38,240
Playgrounds	69	69	69	65	67	67	67	67	67	68
Miles of on-street bike lanes	55	55	55	56	55.8	55.8	58	58	58	58
Miles of off-street bike paths	56	53	53	53	58.8	55.8	58	58	58	58
Community gardens	1	1	1	1	2	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	9	9	9	9	9	9	9
Tennis courts	33	33	33	32	30	30	30	30	30	30
Pickleball courts					8	8	8	8	8	8
Bocee Ball courts					3	3	3	3	3	3
City buildings maintained *	91	92	91	91	92	61*	63*	63	62***	62
Square footage of City Buildings	305,093	305,093	305,093	305,093	307,973	301,469	306,169	312,104	301,104	301,104
Outdoor Amphitheater					1	1	1	2	2	2
Outdoor Fitness Equipment Areas	0	0	0	0	0	2	4	4	4	4
Water										
Miles of water mains	183	198	188	188	188	190.6	191	191	192	192
Number of wells	20	20	20	20	20	10	10	10	9	9
Fire hydrants	1,706	1,708	1,078	1,708	1,750	1,708	1,750	1,754	1,757	1,757
Wastewater										
Miles of sewer mains	164	164	164	164	160	164	164	166	164	164
Miles of storm sewers	127	127	127	127	80	127	127	128	129	129
Number of treatment plants		1	1	1	1	1	1	1	1	1
Treatment capacity (millions of gallons)**	7.5	7.5	7.5	7.5	7.5	6.5	6.5	6.5	6.5	6.0

Source: City of Example

Notes:

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

* 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 ** Corrected basis of measurement. The permit is for 7.5, but the plant was designed for 6.5

*** Removal of Old City Hall after sale (reduction of approx 11,000 sq ft) <https://turtoncom.com/wp-content/uploads/2017/09/226-F-Street-Davis-Brochure.pdf>

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